# The ECEC workforce

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| Key points | |
|  | About 224,000 people work in the early childhood education and care (ECEC) sector in a typical week. The workforce has grown markedly over the past decade. |
|  | Workforce constraints and recruitment difficulties are impacting on the sector, to the point that ECEC access for some families is affected. Constraints appear to be most severe for early childhood teachers (ECTs) and in regional and remote areas.   * Workforce challenges have been particularly pronounced since the COVID‑19 pandemic, but may moderate to an extent as more capacity returns to the labour market. * That said, challenges are exacerbated by a range of structural factors – such as poor access to career pathways and barriers accessing qualifications – that constrain the longer‑term supply of workers in key ECEC occupations. |
|  | The ECEC sector is relatively low paid. A range of factors may be contributing to this. Families are limited in what they can or are prepared to pay for ECEC services (which is one reason why the sector is heavily subsidised), and this can limit the extent to which providers are able to fund wage increases by charging higher fees. Barriers to enterprise bargaining and perceptions about the value of work undertaken in the sector may also be factors.   * Recent changes to the industrial relations system – including the expansion of multi‑employer bargaining – are highly consequential for the sector and can be expected to lead to wage increases for ECEC staff. * A key unknown is how any wage increases will be funded. If wage increases are funded through higher fees, some families will not be able or willing to pay higher prices and may reduce (or possibly stop) their use of ECEC. If governments fund wage increases, this will further increase the public cost of the system, which ultimately will need to be funded through increased taxation or reduced expenditure elsewhere. It is ultimately a decision for governments whether funding a wage increase for ECEC workers is a priority use of public funds and if it is, the approach they take to deliver this funding. * While the changes to the industrial relations environment may go some way to address concerns about pay and conditions in the sector, it is possible that disparities between educators and teachers in different parts of the sector may remain. Further analysis and assessment may need to be undertaken to identify whether these disparities discourage ECEC workers from remaining in the sector – or encourage them to work in one sub‑part of the sector over another. |

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|  | With demand for ECTs set to remain high for the foreseeable future, governments should reduce the barriers that can impede diploma‑qualified educators upskilling to become ECTs. Governments should:   * work with universities and the ECEC sector to develop and promote accelerated early childhood teaching degrees for educators that duly recognise their prior training and experience * provide educators with wrap around supports while they are undertaking early childhood teaching degrees. Such supports could include assistance to navigate university enrolment processes, assistance to build academic literacy skills and regular mentoring * provide financial support to ECEC services so they can provide a reasonable amount of paid leave to educators to complete supervised professional experience required as part of early childhood teaching qualifications. |
|  | Completion rates for early childhood teaching qualifications have been falling. While the conventional approach to training ECTs suits a wide range of students, governments should provide modest financial incentives to universities to trial innovative approaches to providing initial teacher education for ECTs. |
|  | Teacher registration offers considerable benefits for ECTs, but inconsistent registration requirements across jurisdictions are problematic. State and territory governments should amend their teacher registration requirements so that:   * ECTs working in ECEC settings that are approved under the National Quality Framework can be registered with the teacher registration body in their jurisdiction * any ECT‑level qualification that has been approved by the Australian Children’s Education and Care Quality Authority (ACECQA) for recognition under the National Quality Framework should be automatically recognised as meeting qualification requirements associated with teacher registration. |
|  | Aboriginal and Torres Strait Islander educators and teachers are a vital part of the ECEC workforce. In addition to comprising an important share of the ECEC workforce, Aboriginal and Torres Strait Islander educators and teachers bring their own cultural experiences, perspectives, knowledges, languages and ways of teaching and learning to the sector. But many Aboriginal and Torres Strait Islander people can find it difficult to access training to obtain the ECEC qualifications needed to work in the sector.   * In collaboration with Aboriginal and Torres Strait Islander people, communities and organisations, governments should trial tailored pathways for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications that better recognise their existing cultural knowledge and experience. |
|  | While the take‑up of professional development opportunities by the ECEC workforce is relatively widespread, staff in the sector still face significant barriers accessing professional development. To overcome some of these barriers, the Australian and state and territory governments should contribute towards the cost of professional development for the ECEC workforce. |
|  | Migrants make up a relatively large part of the ECEC workforce, comprising 28% in 2021. Almost half are on a skilled or student visa, while 35% are on a family or humanitarian visa. Recent changes to skilled and student visas to strengthen Australia’s migration pipeline will likely make it more difficult for the ECEC sector to recruit migrants. |
|  | There is scope to improve the effectiveness of the National Children’s Education and Care Workforce Strategy *(Shaping our Future)* including by better articulating the strategy’s objective and clarifying how actions under the strategy will be resourced. Governments should also commit to producing individual annual updates that outline how their actions and reforms are contributing to the strategy’s implementation. |

The early childhood education and care (ECEC) workforce has profound impacts on the accessibility and quality of ECEC services. The size and spread of the workforce are key factors that influence how many families have access to ECEC services, while the experience, skills and qualifications of the workforce are factors that can influence the quality and safety of the education and care provided. Further, providing ECEC is labour‑intensive – labour costs make up nearly 70% of the total cost of providing centre‑based day care (CBDC) services and nearly 80% of costs of providing outside school hours care (OSHC) services (ACCC 2023, p. 10) – meaning that changes in the supply, demand and conditions of ECEC workers have the potential to significantly affect providers’ costs, fees, and ultimately the affordability of ECEC services for families.

Unless there are sufficient workers to deliver quality ECEC, any attempts to make the sector more accessible or to introduce greater universality will ultimately fail. As the Centre for Policy Development said:

workforce is *the* critical enabler for the operation and reform of the system. (sub. 156, p. 38, emphasis in original)

This paper examines the ECEC workforce. It first provides a breakdown of who works in ECEC and examines some key trends in the ECEC workforce (section 3.1), before examining the role of government in developing the ECEC workforce (section 3.2). The paper next examines the extent to which there are enough ECEC workers – both now and into the future – to deliver on the policy goals that governments seek to achieve through the sector (section 3.3). The paper then looks at key levers that governments can use to influence the size and composition of the ECEC workforce, namely:

* pay and conditions (section 3.4)
* qualification and career pathways (section 3.5)
* professional development arrangements (section 3.6)
* migration arrangements (section 3.7).

In section 3.8, the Productivity Commission examines opportunities to improve the existingNational Children’s Education and Care Workforce Strategy (*Shaping our Future*) to guide governments’ actions to grow and develop the ECEC workforce.

This paper should be read in conjunction with the Commission’s draft report and the other information papers that complement it (particularly paper 2, which examines the appropriateness of staff‑to‑child ratios and qualification requirements in the context of the broader National Quality Framework (NQF)).

## Who works in early childhood education and care?

The ECEC sector employs staff with a wide variety of skills, experiences and qualifications, but most people who work in the sector are either early childhood teachers (ECTs) or educators (box 3.1).

In 2021, a census of ECEC providers (the ECEC Workforce Census) found that the sector employed about 224,000 people during a typical week (although issues with how the data is collected may mean the true number is slightly higher or lower). This figure does not include people working in vacation care (which the Commission has excluded to limit double counting given that the census of vacation care providers was undertaken at a different time to other providers). However, vacation care workers are an important part of the ECEC workforce – they provide safe and stimulating environments for children during school holidays and allow their parents to continue to work during this time.

| Box 3.1 – Key occupations in the ECEC sector |
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| Staff working in the early childhood education and care (ECEC) sector cover a range of occupations, including:   * *early childhood teachers (ECTs)*, who hold an early childhood teaching qualification that has been approved by the Australian Children’s Education and Care Quality Authority (ACECQA). Such qualifications are typically bachelor’s‑level or higher. Among other roles, ECTs often: design, plan and implement educational programs including approved learning frameworks; lead and support the learning and development of children; provide pedagogical leadership; and coach, mentor and supervise staff. ECTs work predominately in centre‑based day care and preschool settings. * *educators,* who, depending on the ECEC setting they work in, are often required to hold an ACECQA‑approved certificate III or diploma‑level Vocational Education and Training (VET) qualification. Among other roles, educators: support children’s learning and development, including contributing to the educational program and practice; assist with delivering approved learning frameworks; and support the daily routines of children. Educators work across all ECEC settings, including centre‑based day care, family day care, outside school hours care and In Home Care * *family day care co‑ordinators*, who have diploma‑level qualifications and provide leadership and support for family day care educators * *service directors and managers*, who are responsible for the overall planning, staff, administration, marketing, resourcing and compliance activities of ECEC services * *other occupations*, such as cooks, cleaners and allied health professionals, who may work in – or provide their services in – ECEC settings.   Some organisations that publish data on the ECEC workforce, including the Australian Bureau of Statistics and Jobs and Skills Australia, tend to do so on the basis of the Australian and New Zealand Standard Classification of Occupations (ANZSCO). When looking at this data, the Commission has focussed on two occupations within the ANZSCO – ‘child carers’ and ‘early childhood (pre‑primary) teachers’.   * ‘Child carers’(ANZSCO code 4211) are identified as providing care and supervision for children in residential homes and non‑residential childcare centres. This covers four more specific occupations: child care workers, family day care workers, out of school hours workers and nannies. Given that the number of nannies is likely to be small relative to these other occupations – and given the tasks undertaken and qualifications required by ‘child carers’ set out in the ANZSCO – the Commission considers that the ‘child carers’ occupation used in the ANZSCO is a very close representation of the occupation of educators (which is the preferred term of both the Commission and the sector). * ‘Early childhood (pre‑primary school) teachers’(ANZSCO code 2411) are identified as teaching the basics of numeracy, literacy, music, art and literature to early childhood (pre‑primary) students and promoting students’ social, emotional, intellectual and physical development, and are typically degree‑qualified.   Source: ABS (2022); ACECQA (2023e, 2023f); ECA (2021). |
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The majority of the ECEC workforce worked in CBDC (figure 3.1). The workforce is overwhelmingly female – across the sector, about 92% of the workforce are women. However, in some service types, this share is much higher – for example, 96% of family day care workers and CBDC workers are women. This points to ECEC occupations being some of the most feminised in Australia.[[1]](#footnote-2)

Figure 3.1 – A snapshot of the ECEC workforce in a typical weeka,b

Figure 3.1 – This is an infographic that provides an overview of the ECEC workforce. It describes the characteristics of the workforce, finding there are 224,000 staff of which the average age is 37, 93% are female, 3% identify as Aboriginal and Torres Strait Islander, 28% are migrants, and 24% are casual employees. The workforce support all difference service types and have different ECEC-related qualifications.

**a.** Dedicated preschool workforce data for all jurisdictions is included. Data for all jurisdictions except for South Australia and Western Australia is from the 2021 National Workforce Census, where preschool participation in the Census was optional and 59% of in‑scope preschools participated. Western Australia and South Australia reported preschool workforce statistics separately. **b.**Vacation care staff data is excluded because this data was collected in a separate reference week and duplication with other ECEC service types is likely. **c.** Aboriginal and Torres Strait Islander status was stated for 75% of workers in the 2021 National Workforce Census, and there are additional observations that could be preschool staff responses. **d.** Preschools only report age brackets and not the exact ages of their workers, so it is assumed that staff are uniformly distributed across these brackets. Age data for preschools in South Australia and Western Australia are excluded because age is not reported for all staff. **e.** Gender data for preschools in South Australia and Western Australia are excluded because gender is not reported for all staff. **f.** The number of migrants is likely understated because the Australian Census and Migrant Integrated Database does not have data for migrants that arrived prior to 1 January 2000. **g.**Qualifications exclude preschools because of different categorisation and missing data.

Source: Productivity Commission estimates based on ABS (*Tablebuilder, Census of Population and Housing, 2021; Microdata, Australian Census and Migrant Integrated Database, 2021*; *Microdata, Australian Census and Temporary Entrant Integrated Database, 2021)*; SRC (2022).

### Key trends in the size and composition of the ECEC workforce

#### The workforce grew substantially in the decade to 2021

There has been significant growth in the ECEC workforce over time – the ECEC Workforce Census indicates that the number of workers employed in ECEC increased by over 90% between 2010 and 2021 (figure 3.2). This growth has largely been driven by workers in CBDC, with lower, but still significant, growth occurring in the outside school hours care (OSHC) workforce as well. The number of people working in family day care (FDC) has fallen – this reflects a reduction in FDC services due to changes in policy and regulation and the use of more stringent measures by governments to ensure the integrity of FDC providers (SRC 2022, p. 6).

The ECEC workforce has grown in all states and territories since 2010.

Figure 3.2 – The ECEC workforce has grown significantly over timea

Size of ECEC workforce by service type and jurisdiction, 2010–2021

| Figure 3.2 – This figure contains two line charts that show the ECEC workforce size between 2010 and 2021 by ECEC service type and jurisdiction. It shows the ECEC workforce has grown, especially in CBDC and in New South Wales, Victoria and Queensland, which has the largest workforces. |  |
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**a.** Data represents a weighted estimate of workers in all approved childcare services as at a reference week. Data does not include people working in dedicated preschools due to data limitations or people working in vacation care to limit double counting with the OSHC workforce. Data may include some double counting of staff with more than one employer.

Source: SRC (2011, 2014, 2017, 2022).

#### More workers have qualifications and more have higher qualifications than in 2010

The share of workers holding an ECEC‑related qualification has also grown significantly, from about 70% in 2010 to just under 90% in 2021. Further, the level of qualification held by ECEC staff generally increased over this period – ECEC staff were somewhat more likely to hold a bachelor’s‑level qualification, and significantly more likely to hold a diploma‑level qualification, in 2021 compared with 2010 (figure 3.3). The introduction of the NQF in 2012, which generally lifted the minimum qualification requirements for staff working in the sector, is likely to have contributed to this increase (ACECQA 2017).

Figure 3.3 – The share of the ECEC workforce holding a qualification has increased since 2010a

Share of the ECEC workforce by highest ECEC‑related qualification, 2010–2021

Figure 3.3 – This is a bar chart that shows the share of the ECEC workforce by highest ECEC-related qualification and how its changed over time. The share of the ECEC workforce that has a qualification has increased since 2010. An advanced diploma/diploma is the most common qualification. 

**a.** Workforce data represents a weighted estimate of workers in all approved childcare services as at a reference week. Data does not include people working in dedicated preschools due to data limitations or people working in vacation care to limit double counting with the OSHC workforce. Data may include some double counting of staff with more than one employer.

Source: SRC (2011, 2014, 2017, 2022).

#### Workforce experience was broadly unchanged between 2010 and 2021

Notwithstanding a slight increase in the share of the workforce who have been in the sector for less than a year – which is consistent with the substantial growth in the number of ECEC workers over time – there has not been a significant change in the number of years ECEC workers have spent in the sector since 2010 (figure 3.4).

Figure 3.4 –The number of years ECEC workers have spent in the sector has not changed significantly since 2010a

Years of experience in the ECEC sector for ECEC workers, 2010–2021

Figure 3.4 – This is a bar chart that shows the share of the ECEC workforce by years of experience and how it changed over time. The chart shows that the distribution of the number of years of experience has not changed over time. A high proportion of workers tend to have either 1-3 years or 10 plus years of experience.  

**a.** Workforce data represents a weighted estimate of workers in all approved childcare services as at a reference week. Data does not include people working in dedicated preschools due to data limitations or people working in vacation care to limit double counting with the OSHC workforce. Data may include some double counting of staff with more than one employer.

Source: SRC (2011, 2014, 2017, 2022).

#### A large share of the inflows of workers to the sector comes from outside the labour force – and a large share of those leaving exit the labour force entirely

Using the Australian Census Longitudinal Dataset, the Commission has examined inflows and outflows of workers to and from the ECEC sector. At the moment, only two data points are available – flows between 2006 and 2011, and flows between 2011 and 2016. The addition of 2021 Census data to the Dataset (expected to occur in early 2024) will enable a more up‑to‑date analysis of the inflows and outflows of workers in the sector.

The data available suggests that the rate that workers exit the sector – while reasonably high – may have decreased slightly between 2011 and 2016. About 54% of workers in the sector in 2011 were still working in the sector in 2016. In comparison, only about 48% of workers in the sector in 2006 were still in the sector in 2011.

Across both time periods, a significant share of workers who left the sector left the labour force entirely (between 16‑18% of workers who left the sector). Those who continued to work after leaving the sector shifted to a wide range of other industries, with the largest share moving to the schools system (about 7‑8% of all workers who left the sector) (figure 3.5).

Looking at inflows, workers commonly entered the sector from outside the labour force (about 40% between both 2006–2011 and 2011–2016), although a significant share also entered from unemployment, and from the retail trade, and accommodation and food services industries (figure 3.6).

Figure 3.5 – A smaller share of the workforce exited the sector in the five years to 2016 than in the five years to 2011a

Figure 3.5 – This is a bar chart that examines the outflows of workers from the ECEC sector between 2006 and 2011, and between 2011 and 2016. It shows that of the people working in ECEC in 2006, 20% were not working in 2011, 31% moved to another industry and 48% were still in the ECEC sector. Of the people working in ECEC in 2011, 18% were not working in 2016, 27% moved to another industry and 54% were still in the ECEC sector – that is, less of the workforce exited the sector. 

**a.** There are insufficient data to retrieve estimates for every industry across every labour force status. All estimates that were retrieved have relative standard errors of 200% and should be interpreted with caution.

Source: Productivity Commission estimates based on ABS (*Australian Census Longitudinal Dataset (ACLD)*).

Figure 3.6 – Workers entering the sector come from a wide range of other industriesa

Entrants into the ECEC workforce, by industry of previous employment

Figure 3.6 – This is a bar chart that examines the inflows of workers to the ECEC sector between 2006 and 2011, and between 2011 and 2016. It shows that of the people who moved to the ECEC sector in 2011, over 40% were not working in 2006, a similar pattern exists between 2011-2016. That indicates that a large share of those who enter the ECEC sector come from outside the labour force. 

**a.** There are insufficient data to retrieve estimates for every industry across every labour force status. All estimates that were retrieved have relative standard errors of 200% and should be interpreted with caution.

Source: Productivity Commission estimates based on ABS (*Australian Census Longitudinal Dataset (ACLD)*).

## Why are governments involved in ECEC labour markets?

Governments are involved in labour markets for a range of reasons, irrespective of the particular sector or industry they operate in. For example, governments:

* set the industrial relations framework through which employers and employees interact, with the aim of addressing power imbalances and to set minimum standards that all employees are entitled to. Governments also regulate workplace safety for similar reasons
* subsidise – and in some cases, deliver – many qualifications and training courses, in part because there are public benefits from these that mean they may be underprovided or not taken up as much as they should be if they were left to the private sector alone to provide. Governments also regulate training quality with the aim of ensuring that students can be confident that they are receiving training that is of a good standard and employers can be confident that graduates are competent in their field
* establish the rules and procedures by which migrants can come to Australia to work, with the aim of ensuring that both migrants and local workers are treated fairly, maintaining the integrity of Australia’s border control system, and maximising the economic and social benefits the community receives from migration
* undertake data collection on – and ongoing monitoring of – the workforce, so to have the information needed to be an effective steward of labour markets and for the management of the economy more broadly.

These reasons for government involvement all apply to the ECEC labour market. But there are some other reasons why governments have a role (and an interest) in specifically developing the ECEC workforce, namely:

* the ECEC sector, and those who work in it, help to deliver important economic and social outcomes around childhood development and workforce participation. If there are too few workers in the sector – or those who work in the sector do not have the necessary skills and experience – then these outcomes will not be realised to their fullest extent
* governments directly influence ECEC workforce outcomes through their policy approaches for the sector and by how they fund and regulate services. And governments may also provide ECEC services and directly employ ECEC workers (as is often the case with state and territory managed preschools for example).

These reasons point to a rationale and a need for governments to play a more active role in developing the workforce for the ECEC sector than they might have for many other sectors or industries in the economy.

### The ECEC workforce helps to deliver important economic and social outcomes

The Commission’s survey of the research on the effects of ECEC on children’s development highlights credible evidence that uptake of ECEC has positive impacts across a range of domains, from school readiness to longer‑term outcomes such as educational attainment, employment and health (paper 1).

Similarly, as discussed in paper 4, a well‑functioning ECEC sector supports families to make choices about caring for children and participating in the labour market. For many parents – mainly mothers – access to ECEC is a prerequisite for undertaking paid work. ECEC can also enable families to engage in other activities they value, such as studying or volunteering. ECEC, therefore, has the potential to be something of a ‘multiplier sector’ – that is, if accessible and well‑functioning, ECEC can help to increase workforce supply to other sectors of the economy. Conversely, poor access to ECEC, including because there are too few ECEC workers available to staff services, can exacerbate labour market pressures – a point made by inquiry participants, including the Regional Education Commissioner (sub. 102, p. 2), Early Childhood Australia (sub, 154, p. 60) and the Northern Territory Government, which said:

the limited ECEC workforce is also reducing the capacity of services … and is particularly problematic in the NT townships of Alice Springs and Katherine. This in turn is inhibiting workforce participation in these communities, including the ability for professionals who provide other essential services such as policing, health, social services and education to return to work after having children. (sub. 157, attachment, p. 12)

While the Northern Territory Government’s comment points to the role the ECEC workforce can play in unlocking workforce supply in regional areas, it plays a similar role in urban areas too.

If government objectives relating to child development and labour force participation (or other valuable activities) are to be fully realised, sufficient ECEC workers must be available. And that workforce must have the skills and experience needed to deliver quality ECEC. This link between the size and composition of the ECEC workforce and the goals that governments seek to achieve through the sector is another reason why governments have a policy interest in developing the ECEC workforce.

### As the major funders and regulators of the ECEC sector, government decisions directly influence workforce outcomes

Governments are also a major funder of the sector. As staff costs make up – by far – the largest component of the costs of providing ECEC services, funding provided by governments to the sector can have a major influence on workers’ rates of pay, and the resources available for training and professional development.

The ECEC sector is also heavily regulated by governments and some regulations – such as minimum qualification requirements and educator‑to‑child ratios – directly impact on the size and composition of the ECEC workforce. The underlying rationale for these regulations is to ensure that the services provided meet a minimum standard of safety and quality. But as well as setting standards, governments have a role in ensuring those standards are met. Part of this involves monitoring and compliance actions to address instances where workforce regulations are not met. However, given the wider role of governments in the sector and the important policy goals that ECEC seeks to achieve, this also includes developing and supporting the ECEC workforce.

Finally, governments also directly provide some ECEC services – most notably, state and territory managed preschools. This means that governments have an interest in developing the ECEC workforce to ensure the services they provide are well‑staffed and effective.

The different roles that governments play in the sector – including as funder, regulator and employer – mean that governments often face a complex set of incentives, including with respect to the ECEC workforce, that do not always perfectly align. For example, government initiatives to expand access to government operated preschool may increase the share of ECEC staff that governments directly employ, but this has the potential to draw workers away from other providers in the sector (that the government funds and supports), reducing their capacity to provide quality ECEC to families.

## Workforce constraints are affecting ECEC accessibility

This section draws on the lived experience of those in the sector, and data on vacancies and waivers, to examine the extent to which there are workforce constraints in the sector that are impeding families’ access to ECEC, and – if there are – what the implications of these might be.

What this section does not do is assess whether there is a *technical* shortage of ECEC workers (box 3.2). Such an assessment requires evidence of hiring difficulties or high vacancy rates remaining in the sector *after* employers have raised wages for a sustained period of time in an attempt to attract more workers.

| Box 3.2 – What is a workforce shortage? |
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| There are a range of definitions for what constitutes a workforce shortage. One interpretation is provided by Jobs and Skills Australia.  An occupation is considered to be in shortage when employers are unable to fill or have considerable difficulty filling vacancies for an occupation or cannot meet significant specialised skill needs within that occupation, at current levels of remuneration and conditions of employment, and in reasonably accessible locations.  In 2023, using this definition, Jobs and Skills Australia assessed both educators (defined as the ANZSCO group ‘child care workers’) and early childhood teachers as being subject to national shortages.  However, this definition is problematic because it presumes that supply should meet demand at the prevailing wage. As the Commission has previously said:  Shortages should be identified where employers have difficulties in hiring even after significant wage increases rather than ‘at current levels’.  As such, in order for a sector to be facing a shortage, there must be evidence of both increased wages, and recruitment difficulties remaining after these increases.  Source: Jobs and Skills Australia (2023a, 2023b); PC (2022a). |
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The data available to inform such an assessment is somewhat limited. The Australian Bureau of Statistics (ABS) does collect data on the hourly wages of educators – and this shows that while the wages of educators have increased since 2010, the rate of growth has been in line with that across all occupations. This suggests that while educators’ pay has risen in absolute terms, their pay relative to other occupations has remained reasonably constant (figure 3.7). However, this data is somewhat dated (the most recent data is for 2021) and the data is not granular enough to examine trends in the pay of other key ECEC occupations – namely ECTs. These data limitations mean that the Commission has not been able to make an informed assessment about the extent the sector is currently facing a technical workforce shortage.

Figure 3.7 – Educators’ hourly wages have grown in line with the broader workforcea

Index of average hourly total cash earnings, 2010=100

Figure 3.7 – This is a line chart of the index of average hourly cash earnings for ECEC educators and all occupations between 2010 and 2021. It shows that educators hourly wages have growth in line with the broader workforce – almost a 50% increase since 2010. 

**a.** ‘Educators’ is based on the ANZSCO occupation group ‘child carers’ and includes nannies.

Source: Productivity Commission estimates based on ABS (*Employee Earnings and Hours*, *Australia,* *various years*).

### Many inquiry participants indicated that they were facing workforce constraints and recruitment difficulties

There was a very widely held view among inquiry participants that workforce constraints and challenges recruiting and retaining staff have been impacting on the sector’s capacity to provide education and care to children and families (box 3.3). Many participants went as far as saying that the sector is facing a workforce crisis. For example, Thrive by Five – Minderoo said:

across Australia, the ECEC workforce is in crisis, with high turnover, staff shortages and stress being reported by teachers and educators. (sub. 70, p. 17)

And the Salvation Army said:

The ECEC workforce is in crisis – characterised by staff shortages, high turnover and stress. This is of grave concern when the wellbeing and education of children in ECEC is linked with the qualification and wellbeing of the ECEC workforce. (sub. 56, p. 23)

The experiences of inquiry participants suggest that the impacts of workforce constraints are pervasive. Participants identified challenges recruiting and retaining both educators and ECTs, and both large and small providers reported being impacted. Nor were concerns about securing enough staff restricted to just CBDC services. OSHC organisations also submitted that they were being impacted. For example, the Outside School Hours Council of Australia said:

like many sectors across Australia, the OSHC sector is also experiencing critical staff shortages now. While staff shortages existed in advance of Covid‑19, they have now become acute and unworkable. (sub. 82, p. 8)

| Box 3.3 – Submissions and comments from inquiry participants on workforce constraints and recruitment challenges |
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| Sandgate Kids Early Education:  In several instances, Sandgate Kids have been unable to appoint appropriate qualified people to permanent positions, and they have been left vacant for a period due to staff shortages or have been backfilled by casual educators working towards a qualification. (sub. 51, p. 5)  National Catholic Education Commission:  The education and care sector is extremely challenged in relation to the attraction and retention of experienced, passionate and qualified staff. (sub. 69, p. 5)  Australian Government Department of Education:  Evidence suggests that the ECEC workforce is experiencing long term, persistent challenges, including supply and retention, which have been further exacerbated by the impacts of the  COVID‑19 pandemic. (sub. 90, p. 42)  WA Government:  Workforce shortages are a major constraint to current availability of ECEC places, especially in regional and remote areas. Measures to increase access to quality ECEC services cannot be effective without a sustainable, trained workforce to deliver these services. (sub. 162, p. 11)  Early Childhood Australia:  One of the most critical issues facing the ECEC sector is a significant workforce shortage and continued recruitment challenges. These issues have a direct impact on implementation of a universal approach. (sub. 154, p. 60)  The Australian Childcare Alliance:  ECEC services are taking steps to recruit and train new educators into their services, however, so are majority of services. Consequently, there is exceptionally high demand for prospective ECEC staff new to the sector and attracting already qualified and experienced ECEC staff into services … The overarching issue is the supply of qualified and experienced Early Childhood Educators and Early Childhood Teachers across Australia. (sub. 150, p. 38‑40)  Brief comment 123:  Staffing shortages pose a significant challenge for operators in centre‑based services. The demand for qualified early childhood educators often exceeds the available supply, making it difficult to recruit and retain skilled professionals. This shortage not only increases workloads for existing staff but also compromises the quality of care provided, affecting the holistic development of children. Ensuring an adequate number of qualified professionals is crucial for maintaining a safe and nurturing environment. |
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And while the Commission heard that challenges are an issue in metropolitan areas, several inquiry participants noted that services in regional and remote areas have found it especially difficult to attract and retain staff (for example, National Catholic Education Commission, sub. 69, p. 5; Australian Government Department of Education; sub. 90, p. 40; Meli, sub. 139, p. 2; Early Childhood Australia, sub. 134, p. 60).

Participants were forthcoming about how these constraints were affecting their capacity to provide ECEC for children and families.

Some inquiry participants said that workforce constraints meant that they were unable to offer places to families on their waiting list (for example, Phillip Island Early Learning Centre, sub. 5, p. 1). Others reported that services were capping enrolments or closing rooms because they were unable to secure enough staff to run at full capacity (for example, Regional Development Australia, Kimberly, sub. 1, p. 2; The Parenthood, sub. 122, p. 5). In a survey of services undertaken in February 2023 by the Australian Childcare Alliance (ACA), more than two‑thirds of respondents indicated that they were capping enrolment numbers, which was estimated to amount to over 16,000 forgone ECEC places. In a second survey, undertaken in May 2023, more than half of respondents indicated that they were capping enrolments (ACA 2023b).

Some inquiry participants – mainly from regional communities – pointed to some services needing to close because of a lack of staff. For example, Binarri‑binyja yarrawoo Aboriginal Corporation reported that the OSHC service in Kununurra has closed due to ‘staffing challenges’ (sub. 85, p. 7). And as another example, Graham Costin reported that the kindergarten service in Apollo Bay has ‘too often been forced to close at short notice due to staff shortages’ (sub. 26, p. 1). Family Day Care Australia also reported the closure of several FDC services – across a range of states and territories – which has coincided with a significant decline of educators working in the sector (Family Day Care Australia, sub. 66, pp. 4–5).

Closures like these – even if temporary – are likely to cause significant disruption to the children and families affected, and are particularly impactful in regional or remote areas where there a relatively few alternative ECEC options available.

Workforce challenges also impact on workers in the sector, who may feel pressured or obligated to pick up more hours or responsibilities than they would prefer. Some of these potential impacts were pointed to by Thrive Group Tasmania.

Low staff numbers lead to extra expenditure on wages as the remaining staff work overtime to meet the service’s needs … staff burn out from working too much overtime, but don’t feel able to take time off because of community pressure and the knowledge that if they are away the service may need to close. (sub. 81, p. 1)

### Vacancy data points to recruitment challenges

As well as drawing on the lived experience of those in the sector, another way to form conclusions about the presence and size of workforce constraints is to examine vacancy data. Such data is collected by Jobs and Skills Australia through their Internet Vacancy Index, which provides a month‑by‑month count of online job vacancies since 2006 by ANZSCO occupation (box 3.1 above).

Vacancies for educators and ECTs are at record highs, mainly as a result of a large uptick in vacancies since the COVID‑19 pandemic (figure 3.8, left hand panel). The Commission has also calculated indicative vacancy rates for educators and ECTs using Jobs and Skills Australia’s internet vacancy data and estimates of occupational employment over time (figure 3.8, right hand panel). Vacancy rates compare total vacancies with the number of jobs in a sector and are a better indicator of the difficulty of attracting staff. Vacancy rates for both educators and ECTs have grown sharply post‑pandemic, and sit well above the rates for all occupations. Vacancy rates for ECTs are higher than those for educators.

Figure 3.8 – Vacancies in the sector have climbed post‑pandemica,b

Advertised vacancies and indicative vacancy rates

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| Figure 3.8 – This figure has two line charts. The first figure shows the number of advertisements for educators and ECTs positions between 2006 and 2023. It shows since the COVID-19 pandemic the number of advertisements has increased substantially- doubling pre-covid levels. The second figure shows the indicative vacancy rate for educators, ECTs and all occupations between 2015 and 2023. It shows that the vacancy rate for ECTs and educators is above that for all occupations across the entire period, and since the COVID-19 pandemic the vacancy rate for ECTs and educators is well above that for all occupations. |  |

**a.** ‘Educators’is based on the ANZSCO occupation group ‘child carers’ and includes nannies. **b.** Vacancies are on a 3‑month moving average basis and are not trended or seasonally adjusted. The indicative vacancy rate is the number of vacancies for each occupation divided by the sum of the number of people working in the occupation and the number of vacancies, then multiplied by 100.

Source: Productivity Commission Estimates based on Jobs and Skills Australia (*IVI index and NERO model* ‑ *data downloaded on 26 October 2023*).

Analysis by the ACCC found that vacancies for centre‑based day care staff (measured as a ratio to staff headcount) are highest in remote and very remote locations, further suggesting it is these areas where workforce challenges are most pronounced (figure 3.9).

Inquiry participants put forward a range of possible reasons that might have contributed to the relatively steep increases in vacancies and vacancy rates since the COVID‑19 pandemic. These included, but were not limited to:

* an increase in stress, fatigue and burnout as a result of the pandemic, which is contributing to staff leaving the sector (NSW Small Business Commissioner, sub. 128, attachment 1, p. 20; Outside School Hours Council of Australia, sub. 82, p. 8; Work and Family Policy Roundtable, sub. 138, p. 11)
* the effects of vaccine mandates, which resulted in staff leaving the sector and impacted on services’ ability to recruit new staff (Australian Childcare Alliance, sub. 150, p. 84; NSW Small Business Commissioner, sub. 128, attachment 1, p. 20)
* disruptions to Australia’s migration program, which made it more difficult for the sector to source staff from overseas (Australian Childcare Alliance, sub. 150, p. 84).

More broadly, as discussed below, many inquiry participants highlighted a disparity between the value placed on the sector during the COVID‑19 pandemic – when many services (and particularly CBDC services) remained open when other industries shut down – and the recognition received by the sector, including in the form of pay and conditions.

Others suggested that the generally tight labour market – which has been characterised by strong demand for workers and relatively low rates of unemployment since the pandemic – has contributed to the increase in vacancies and vacancy rates.

Figure 3.9 – Vacancies are higher in remote and very remote areas

Vacancy to staff headcount ratio for centre‑based day care, by remoteness, 2022

Figure 3.9 – This is a bar chart that shows the vacancy to staff headcount ratio for centre-based day care by remoteness in 2022. It shows that vacancies are higher in remote and very remote areas of Australia. 

Source: ACCC (2023, p. 75).

### Waiver data also suggests many services are struggling to meet their workforce requirements

Data collected by the Australian Children’s Education and Care Authority (ACECQA) suggests that the share of services with a staff waiver in place has increased significantly over the past decade – rising from about 3% in the third quarter of 2013 to about 10% in the second quarter of 2023 (figure 3.10). This provides another indication that workforce constraints are having a greater impact on the sector now than they have had in the past.

It is also useful to examine the types of services receiving exemptions at a particular point in time, and the requirements that they are being exempted from to provide insight into the regulations that services are having the most difficulty meeting. To do this, the Commission looked at all staffing waivers in force in February 2023. At this time, waivers were overwhelmingly held by long day care services (about 92%), with most of the remainder granted to preschools/kindergartens and OSHC services (just under 4% each).

Most waivers exempted services from requirements for ECTs (figure 3.11). This suggests that services were having the most trouble meeting these requirements and provides further evidence of services having difficulty recruiting and retaining ECTs in the current labour market. Almost all these exemptions were granted to long day care services, and very few were granted to preschools (which compete with long day care to secure teachers) suggesting that long day care services are having much more difficulty meeting teacher requirements.

A smaller number of waivers were related to general educator qualification requirements – these were split between long day care services (55%), OSHC services (32%) and preschools (13%) – suggesting that some services across all these service types were struggling to meet these requirements.

Figure 3.10 – The share of services with staffing waivers has increased significantly since 2013

Proportion of services with a waiver, by quarter, by category, 2013–2023

Figure 3.10 – This is a line chart that shows the proportion of ECEC services with a waiver by the type of waiver between 2013 and 2023. The share of services with a physical environment waiver has not increased much, but the share of services with staffing waivers has increased significantly from about 3% to 10% between 2013 and 2023. 

Source: ACECQA (2022).

Figure 3.11 – Most staffing waivers are granted for requirements associated with ECTsa

Number of waivers in force as of 15 February 2023, by exemption area, all service types

Figure 3.11 – This is a bar chart that shows the number of waivers in force as at 15th February 2023 across all service types, by exemption area. It shows that most staffing waivers are granted for requirements for ECTs. There are some waivers for general educator qualification requirements, requitements concerning ratios and other staffing requirements.  

**a.** The Commission has classified the following regulations of the Education and Care Services National Regulations as containing requirements related to ECTs: Regulation 130; Regulation 131; Regulation 132; Regulation 133; Regulation 134 and Regulation 272. The Commission has classified the following regulations as containing general educator qualification requirements: Regulation 126; Regulation 127; Regulation 128; and Regulation 321(2). The Commission has classified the following Regulations as containing requirements concerning ratios: Regulation 123; Regulation 123A; and Regulation 124. The Commission has classified the following regulations as containing other staffing requirements: Regulation 72A; Regulation 120; and Regulation 136. Missing observations have been excluded.

Source: Productivity Commission estimates based on ACECQA administrative data (unpublished).

### Taken in sum, evidence suggests workforce constraints are biting

Looking at the suite of evidence – including the lived experience of inquiry participants, vacancy data and data on waivers – it is apparent that the ECEC sector is experiencing considerable workforce challenges, to the point families’ access to ECEC is being impeded. Constraints for ECTs, in particular, appear to be most severe, but are present for educators as well. And while there are challenges in metropolitan areas, regional and remote areas seem particularly affected.

The upshot of these constraints is that ECEC is less accessible than it otherwise would be if there were more ECEC workers available. This means that many families are unable to access ECEC – or are unable to access as much ECEC as they would like – to the detriment of children’s developmental outcomes and the workforce participation opportunities of their parents.

It is likely that cyclical factors are driving part – and potentially a relatively large part – of these constraints. The uptick in vacancies and vacancy rates for ECTs and educators since the pandemic has coincided with a historically low unemployment rate across the economy and major disruptions to Australia’s migration program. And it is not just the ECEC sector that has been impacted – since mid‑2022, vacancies across the economy as a whole have remained at near record highs, and as recently as the first quarter of 2023, many businesses have reported labour as a constraint on their output (Viney et al. 2023). It is therefore likely that some of the workforce challenges facing the sector will moderate to an extent when more capacity returns to the broader labour market.

However, there is also evidence to suggest there are structural factors at play. While workforce constraints may be particularly impactful now given the generally tight labour markets across the economy, challenges have persisted for some time. For example, the Commission heard evidence of shortages affecting the sector as far back as 2011 (PC 2011), and in its previous inquiry into the sector in 2014, noted that it was presented ‘with substantial evidence … of widespread staff shortages in the ECEC sector, particularly in long day care’ (PC 2014, p. 327). This suggests that there are some enduring factors contributing to there being too few ECEC workers to meet demand.

#### The mismatch between the demand for and supply of ECEC staff is likely to continue

Looking ahead, demand for ECTs and educators looks to remain strong.

The Australian Government’s Centre for Population projects that there will be about 200,000 more children aged 12 years and under in 2032‑33 than in 2021‑22 – an increase of about 5% (Centre for Population 2022). And in addition to *more* children potentially needing ECEC services, governments have implemented reforms that aim to increase the *amount* of subsidised ECEC children and families can access. This includes initiatives being undertaken by several state and territory governments to reduce fees or expand preschool hours for four‑year‑old children and expand preschool access to three‑year‑old children (appendix E).

These reforms are expected to lead to increased demand for ECEC services, and consequently, increased demand for ECEC staff (the reforms may also lead to a change in the *distribution* of ECEC staff across the sector if they result in an increased proportion of staff working in government‑run preschool services – which generally offer relatively attractive pay and conditions – and a smaller proportion in other settings, such as for‑profit and not‑for‑profit CBDCs) . This increased demand will be further elevated by the recommendations made by the Commission, which, if adopted, can also be expected to lead to increases in families’ demand for ECEC services and consequently demand for ECEC staff.

But the metrics available on the future supply of educators and ECTs point to a mixed picture on likely future workforce growth.

Data on Vocational Education and Training (VET) enrolments show that there has been an uptick in enrolments in certificate III ECEC qualifications since 2018, although enrolments in diploma qualifications have been falling over the same period and the number of completions of both diploma and certificate III qualifications has remained relatively flat (figure 3.12).

Data on enrolments and completions for university‑level early childhood teaching courses points to a relatively significant increase in enrolments – predominately driven by enrolments in postgraduate courses. Completions have also increased, but at a much lower rate (figure 3.13). While not pictured, enrolments in primary school‑level teaching courses (which are commonly identified as an alternative teaching option to working in ECEC) were relatively steady from 2012 to 2021 (at about 30,000 enrolments each year), but the number of completions fell over this period.

Figure 3.12 – While enrolments in certificate IIIs have increased, enrolments in diplomas have declined and completions have been flat …

Number of enrolments and completions in VET ECEC courses, 2018–2022a

| Figure 3.12 – This figure has two line charts. The first chart shows the number of enrolments in Cert III and Diplomas between 2018 and 2022 and the second chart shows the number of completions. These charts show that enrolments in Cert IIIs have increased but enrolments in Diplomas have decreased over the period, but number of completions of both Cert IIIs and Diplomas have been relatively stable across the period but lower than enrolments. |  |
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**a.** The courses captured in this figure are Certificate III in Early Childhood Education and Care (course codes CHC30113 and CHC30121) and Diploma of Early Childhood Education and Care (course codes CHC50113 and CHC50121).

Source: NCVER (2023).

Figure 3.13 – … and while enrolments in early childhood teaching programs have increased significantly, completions have increased at a lower ratea,b

Enrolments and completions in Early Childhood teaching courses, 2012–2021

| Figure 3.13 – This figure has two line charts. The first chart shows the number of enrolments in undergraduate and post-graduate ECEC degrees between 2012 and 2021 and the second chart shows the number of completions. These charts show that enrolments have increased significantly over time, but the number of completions has remains much lower than enrolments and has not increased much. |  |
| --- | --- |

**a.** Classification of courses is determined by individual higher education institutions based on the Australian Standard Classification of Education. ACECQA has noted that ‘[as] a general rule birth to five and birth to eight focussed programs are classified as “early childhood” while birth to 12 programs are typically, however not exclusively, classified as “primary” (ACECQA 2019b, p. 25) **b.** An ‘enrolment’ exists when a person has been admitted to a course and is at a higher education institution at the census date, and the person is entitled to continue with their studies and has not formally indicated before the census date that they have withdrawn (DoE 2023e). A ‘completion’ is the successful completion of all the academic requirements of a course (DoE 2023e).

Source: Productivity Commission estimates based on DoE data (unpublished).

This points to mismatches between the demand for and supply of ECEC staff likely continuing. Such mismatches risk frustrating future efforts by governments to make ECEC more accessible – ultimately, any initiatives to make ECEC more affordable for families or to make more places available will not be effective if there are too few qualified staff to meet this extra demand.

#### How should governments respond to these workforce challenges?

In recognition of the public benefits that arise from families’ access to ECEC (in the form of improved developmental outcomes for children and greater scope for workforce participation by parents), and the substantial influence governments’ funding and regulation of the sector can have on demand for ECEC staff, governments have an interest in helping to alleviate any workforce constraints that threaten to restrict families’ access to ECEC – particularly when such constraints are widespread or persistent.

The need for governments to play a role developing the ECEC workforce is heightened where and when there are significant step changes in the demand for ECEC services because of government initiatives to improve the accessibility or affordability of ECEC. The expansion of preschool programs that is underway in several jurisdictions – and is proposed in others – is an example of such a step change. If adopted, the proposed reforms to introduce greater universality into the ECEC system that are outlined in this report will be another.

In addition to assisting with growing and developing the ECEC workforce in response to any major changes in government policy, governments also have a responsibility to identify and address any structural or systemic factors that may unnecessarily hold back workforce growth. The fact that workforce constraints have been present for some time suggests that such factors are present in the ECEC sector (these are discussed below). Addressing these structural factors should be a focus for government action.

However, in undertaking action, governments need to be mindful that any attempts to build the ECEC workforce can also impose costs on the community. One way costs may manifest is when governments spend resources on initiatives to grow the ECEC workforce that could be spent elsewhere. But more subtly, costs can also arise when government actions to grow the ECEC workforce entice workers to come to the sector from other parts of the economy where they may be needed more. The risk of these costs is particularly heightened in times when there is limited spare capacity in the labour market – something that is the case at the moment. If these costs are large (relative to the benefits of having more ECEC workers), they can impose a net cost on the community.

Governments must be alert to these potential costs, and in undertaking any actions to build the ECEC workforce, seek to minimise them by ensuring that their interventions are:

* timely – that is, interventions are started when they are needed and stopped once the need for them has passed
* well targeted and proportionate to the problems, challenges or barriers that they seek to address
* underpinned by effective monitoring and evaluation processes to ensure any resources are prudently and productively used, to guard against unintended or perverse consequences, and to understand how interventions can be improved.

The Commission has drawn on these principles when assessing how governments should exercise their policy levers to help develop an ECEC workforce that is well placed to meet the demands that will be placed on the sector in the future and when making recommendations on how the actions of governments can be improved.

#### Implementation of the National Children’s Education and Care Workforce Strategy should continue, but there are opportunities for actions to be expanded, supplemented or expedited

The Commission acknowledges that governments and sector participants have already charted a series of actions to develop the ECEC workforce through the National Children’s Education and Care Workforce Strategy (*Shaping our Future*) (box 3.4).

The Commission also notes the buy‑in that the strategy has from many in the sector. Several inquiry participants emphasised the importance of implementing the strategy to the Commission (for example: Albury Pre‑school, sub. 43, p. 3; Corowa Pre‑school, sub. 44, p. 2; G8 education, sub. 68, p. 3; Howlong Preschool, sub. 77, p 2; Community Early Learning Australia sub. 92, p. 6; and Community Child Care Association sub. 111, p. 6).

The Commission’s broad view is that governments’ implementation of the strategy should continue, with oversight and reporting arrangements shifted to the proposed ECEC Commission (paper 9).

| Box 3.4 –The National Children’s Education and Care Workforce Strategy (*Shaping our Future)* |
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| In late 2019, Australian Education Ministers endorsed the development of a 10‑year national workforce strategy as a joint partnership between all governments, the children’s education and care sector and other stakeholders. ACECQA was responsible for coordinating the development of this strategy.  In September 2021, the National Children’s Education and Care Workforce Strategy (*Shaping our Future*) was released. The overarching vision of the strategy is that ‘the children’s education and care sector has a sustainable, high‑quality workforce of teachers and educators that is highly respected and valued by the broader community.’ The strategy identifies 21 actions to be undertaken across six focus areas (professional recognition; attraction and retention; leadership and capability; wellbeing; qualifications and career pathways; and data and evidence). The strategy provides a rationale for each action and provides a brief overview of what needs to be done.  An Implementation and Evaluation Plan for the strategy was released in August 2022. It provides a high‑level overview of how the actions identified in the strategy will be undertaken and how progress will be tracked. It also outlines some basic governance arrangements, including that progress updates will be provided to Education Ministers on a regular basis to inform implementation and future priorities. Actions in the strategy are to be subject to biennial review (with the first of these reviews due in December 2023) and amended as appropriate, particularly in response to emerging priorities.  Since being developed, 17 of the 21 actions have been ‘accelerated’ (Australian Government Department of Education, pers. com., 27 October 2023). Progress on many of the actions is expected to be discussed at a Biennial Workforce Forum, to be convened in November 2023.  Source: ESA (2021, 2022b). |
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That said, the Commission did hear concerns from some participants that the actions of the strategy lacked ambition, or were potentially insufficient to address the workforce challenges presently affecting the sector. For example, the Australian Research Alliance for Children and Youth said:

the 2021 strategy, Shaping our Future … was developed when the workforce issues were less pressing than they are now … and was not backed with significant new funding commitments from the Commonwealth to the States to support the workforce. (sub. 107, p. 9)

The recommendations outlined in this paper – in effect – represent opportunities for the actions of the strategy to be expanded, supplemented or expedited. And the Commission also considers that there is scope to improve the strategy’s usefulness and influence as a tool to guide governments’ actions to grow and develop the ECEC workforce into the future (which is explored in section 3.8).

## Pay and conditions to support the ECEC workforce

### The ECEC workforce is low paid

Many inquiry participants cited prevailing pay and conditions as one of the most significant factors (and for some, the most significant factor) contributing to the workforce constraints faced by the sector. Many commented that rates of pay are not in line with the professional nature of the work undertaken by the workforce, nor the central role that ECEC workers play in educating children. The Brotherhood of St Laurence, for example, submitted that:

current levels of pay do not reflect the importance of early childhood development, the high levels of responsibility that early childhood workers assume, and the value they contribute to society. (sub. 96, p. 11)

While a brief comment provided to the Commission said:

early years educators have complex roles and shoulder great responsibility. They look after the many needs of children and families and are expected to do it all with a smile. The peak body ACECQA sets the benchmark for education standards that must be complied with and it is the most highly regulated sector. All this and workforce shortages put even more pressure on teachers and educators who are paid little and feel undervalued. They deserve better for the important work they do for without them no one else can work and most importantly, the first five years are crucial to brain development. (brief comment 27)

Academic research suggests that many ECEC workers feel that their wages do not reflect the professional nature of their work (Irvine et al. 2013, p. 5; McDonald et al. 2018, p. 657), or that their work is undervalued by the community, including through the COVID‑19 pandemic, when services generally remained open when other industries shut down (McFarland et al. 2022, pp. 183–184; Murray et al. 2022, p. 140). Inquiry participants also pointed to a disparity between how the sector is valued in terms of pay and the responsibility placed on it during lockdowns. For example, Lady Gowrie Child Centre Inc (Adelaide) said:

it was effectively demonstrated during the pandemic just how vital ECEC services are to the Australian economy. ECEC leaders and educators continued to work throughout the entire pandemic while other businesses closed down or moved to work from home arrangements to protect staff from infection. The ECEC sector more keenly felt undervalued and underpaid leading to the current workforce crisis (sub. 25, p. 13).

While another inquiry participant said:

it is disappointing that during the recent pandemic Early Childhood Educators were expected to become essential workers. This was described as keeping the economy ticking over. This was while receiving extremely poor wages and conditions – and no increase in sick leave … (brief comment 126)

The Commission also heard that pay in the sector was so low that it left some workers in a precarious financial position – something which has also been identified in a range of studies and surveys (box 3.5).

The Commission also regularly heard that staff in the sector could earn similar rates of pay working in other parts of the economy, and often without the qualification requirements and workload associated with working in ECEC.

For ECTs, participants noted that the ECEC sector struggles to offer wages and conditions that are commensurate with those provided in the schools sector. Byron Bay Preschool – for example – said:

experienced qualified teachers move to roles in primary schools where they can be better compensated for their work. Bright enthusiastic students that have a desire to work with young children study degrees for primary and secondary teaching instead of early childhood, as the recognition and pay they receive is significantly higher. These issues directly relate to a lack of qualified experienced teachers needed to support children during the most critical stage in their development (sub. 18, p 2).

While the Academy of Social Sciences in Australia submitted:

a key challenge is that comparatively lower pay and less favourable conditions contribute to attrition of qualified educators and teachers to other sectors, notably the school sector. The issue of pay parity has an enormous impact on career choices (sub. 116, p. 6).

| Box 3.5 – Studies into the financial position of ECEC workers |
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| Several studies have examined the financial position of early childhood education and care (ECEC) workers. For example:   * Drawing on interviews with educators, McDonald et al. (2018, pp. 657–658) found that some ECEC workers relied on income from other sources – for example from partners, ex‑partners or parents – while others took on second jobs in order to sustain working in the sector. * In a survey of ECEC workers undertaken by the United Workers Union as part of a broader campaign to improve wages and conditions in the sector, two‑thirds of respondents indicated that they were ‘always’ worried about their financial situation and over 80% said they would find it difficult to cover a $400 emergency expense (United Workers Union 2021, p. 12). * Superannuation fund HESTA reported that nearly 20% of its members who worked in ECEC made a claim on their superannuation under the temporary rules allowing for early release during the pandemic. HESTA noted that the average claim was just over $10,000, and that the median balance of ECEC members fell by nearly half when early releases were allowed (HESTA 2021, p. 11). |
|  |

In aggregate, there is a significant pay differential between the earnings of ECTs and the earnings of primary and secondary school teachers. Estimated median earnings are about $320 (or just under 20%) less per week for ECTs compared with primary school teachers, which equates to about $16,500 per annum (figure 3.14). Median hourly earnings are estimated to be $45 for ECTs, compared with $54 for primary school teachers (Australian Government 2021c, 2021a). And pay is only one factor that can drive ECEC staff to seek employment in schools. For example, the Commission heard that teachers who work in schools are typically entitled to more leave, have more structured career progression, and have better access to mentoring and peer support than most ECTs working in the ECEC sector.

Given how teaching degrees are structured, the choice between working in ECEC or in primary schools is a real one for many teaching graduates. Many universities offer teaching programs designed to provide students with the content they need to enable them to teach children aged 0–8 or 0–12 years (as opposed to more specialised pre‑primary early education degrees, which focus on teaching children aged 0–5). These degrees that cater to teaching broader age groups enable students to have a choice about which sector – schools or ECEC – they work in.

And there is evidence to suggest that many early education teaching graduates do elect to work in primary schools instead of the ECEC sector. Drawing on surveys of graduates, ACECQA reported that between 2015 and 2017, between one‑half and two‑thirds of graduates of ‘early education’ degrees ended up working in primary schools (ACECQA suggested this high number was likely driven by students who had completed courses covering the 0–8 age range primarily choosing to work in the schools sector instead of ECEC (ACECQA 2019b, p. 27)).[[2]](#footnote-3) Drawing on their own experience, Dr Susie Raymond, Professor Anne‑Marie Morgan and Professor Shane Dawson from the University of South Australia submitted that more than two‑thirds of students completing their 0–8 teaching degree program choose to undertake their final placement (which is often an indicator of future employment intentions) in primary schools (sub. 39, p. 5).

Figure 3.14 – Median weekly earnings for ECTs are significantly lower than primary and secondary school teachers

Median weekly total cash earnings for full‑time non‑managerial employees of teaching occupations, 2021

Figure 3.14 – This is a bar chart that shows the median weekly total cash earnings for full-time non-managerial employees of teaching occupations in 2021. It shows that early childhood (Pre-primary) teachers have lower wages that primary and secondary school teachers, and is more similar to the average income across all occupations.   Source: Australian Government (2021b).

The tendency for many graduates to aim for careers in the schools sector over the ECEC sector is likely to continue while differences in pay and conditions between the sectors remain so stark.

In addition to there being significant pay differences *between* what ECTs can earn in the schools sector and the ECEC sector, there can also be considerable pay differentials for ECTs *within* the ECEC sector itself, depending on the jurisdiction and setting that they work in. For example, in some jurisdictions, ECTs working in government‑run preschools receive pay and conditions that match teachers working in schools, while those working in CBDC settings are often paid less. In 2020, a review of preschool funding arrangements found:

a two‑tiered system of ECT compensation exists in Australia. Some ECTs enjoy pay, leave and condition parity with school teachers in some states and settings, while ECTs in many CBDCs are being paid close to minimum award wages … The Review heard from many CBDC providers that expressed the financial challenges of providing ECTs with comparable pay and conditions to school‑based or government run preschools and difficulties in recruitment and retention. (Nous Group 2020, p. 58)

The pay and conditions of ECTs – and the extent they vary within the sector – can be influenced by the degree to which governments directly provide preschool services. The Commission has heard that jurisdictions with a higher level of government preschool provision are likely to have more ECTs on pay and conditions that are similar to school teachers. And how governments fund (non‑public) preschool services can also have an effect. For example, the Victorian Government provides higher per child funding to preschool (kindergarten) services that have certain enterprise agreements in place. [[3]](#footnote-4) Almost all sessional kindergartens qualify for the higher subsidy, but many CBDC services do not. As a result, this funding can help eligible services to pay higher wages to their ECTs (closer to what they could earn in schools), but at the same time, also works to exacerbate wage differences between ECEC services that are eligible for the additional funding and those that are not (while also incentivising services to enter into an agreement to access the additional funding).

This variation in what ECTs earn suggests that there is a hierarchy around where ECTs prefer to work, with schools and government run preschools often the first choice, and CBDCs – particularly those that pay relatively low wages – a less preferred option. This means that in times where demand for ECTs is high – as is the case now – it is the lowest paying CBDCs that will struggle to attract and retain staff the most (a phenomenon that is likely to continue while large pay differentials across the sector remain). And even in times where the supply of ECTs broadly matches demand, this disparity in conditions may lead to the most qualified, experienced or capable teachers gravitating to roles in the ECEC settings that feature better pay and conditions, potentially exacerbating uneven levels of quality across the sector.

For the ECEC workforce more broadly, inquiry participants submitted that pay rates could be below or commensurate with those for some occupations in the hospitality, retail, and aged and disability care sectors (for example, Outside School Hours Council of Australia, sub. 82, p. 5, Community Early Learning Australia, sub. 92, p. 12, United Workers Union, sub. 147, p. 3). This view is supported by data on the hourly median earnings of occupations, provided by the National Skills Commission (figure 3.15).

And (as is the case with ECTs) the pay and conditions of educators varies within the sector, with government‑operated services often the most attractive settings for educators to work in. This points to an ongoing challenge that many providers in the sector face when attracting and retaining staff – not only do they have to compete with employers outside the sector for staff, but they also have to compete with the top paying employers within the sector as well.

Comparing *actual* total weekly cash earnings (which captures pay for actual hours worked, even if part‑time) across all occupations shows that both educators and ECTs are situated towards the lower end of the earnings distribution. In May 2021, the average weekly total cash earnings of educators were just above the lowest decile when ranked against all other occupations for which there is data. The earnings of ECTs were higher, but still below the median earnings of all occupations (figure 3.16).

Figure 3.15 – Hourly earnings for educators are similar or less than some retail, office‑based and care occupationsa

Median hourly earnings of selected occupations

Figure 3.15 – This is a bar chart that shows the median hourly earnings of selected occupations. It shows that educators mean hourly earnings is similar or less than some retail, office-based and other care occupations, but well below the average for all occupations.  

**a.** ‘Educators’is based on the ANZSCO occupation group ‘child carers’ and includes nannies.

Source: Australian Government (2021b).

Figure 3.16 – The earnings of educators and ECTs are lower than other occupationsa

Average weekly total cash earnings, all occupations (in ascending order), May 2021

Figure 3.16 – This is a bar chart that shows the average weekly total cash earnings for all occupations in ascending order for May 2021. It shows that Educators and ECTs sit towards the lower earning occupations spectrum.  

**a.** Excludes occupations with missing values or those with relative standard errors above 25%. ‘Educators’is based on the ANZSCO occupation group ‘child carers’ and includes nannies.

Source: Productivity Commission estimates based on ABS (*Employee Earnings and Hours*, *Australia,* *2021, table 1*).

### A range of factors is likely to be contributing to the sector’s relatively low pay

Several factors have been identified as constraining wage growth in the ECEC sector, even in the wake of high demand and workforce constraints.

One factor that is often cited is the high reliance on awards to set the pay and conditions of employees (box 3.6). Data from the 2021 ECEC Workforce Census indicates more than half of employees were paid at award rates, and being paid at award rates was common across all qualification levels (although this is slightly less so for workers with a bachelor’s degree or above) (figure 3.17).

But awards set minimum pay and conditions (not an upper bound), and there is evidence to suggest there has been an increase in the use of above award rates across services recently, as they face competition to secure staff. Based on the services that provided information on their costs and staffing arrangements to its Childcare Inquiry, the ACCC found that about 95% of staff working for large not‑for‑profit CBDC providers and about 64% of staff working for large for‑profit CBDC services were paid above the award rate in 2022. The ACCC also found that about 75% of staff working for small and medium not‑for‑profit CBDC providers, and about 46% of staff working in small and medium for‑profit CBDC providers, were paid above the award wage (ACCC 2023, pp. 55–57).[[4]](#footnote-5) These estimates of the share of workers being paid above the award rate are much higher than the estimates presented in the 2021 ECEC Workforce Census.

| Box 3.6 – Awards in the ECEC sector |
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| Two awards are particularly relevant for the Early Childhood Education and Care sector.   * The *Children’s Services Award 2010* [MA000120], which covers child care workers, room leaders, directors and support workers (among others) who work in the ‘children’s services and early childhood education’ industry. This includes people working in childcare centresa, out of school hours care, vacation care, in home care, and preschools and kindergartens. It does not cover qualified preschool and early childhood teachers (Fair Work Ombudsman nda). * The *Education Services (Teachers) Award* [MA000077], which covers qualified teachers (among others) in the school education industry or the children’s services and early childhood education industry (Fair Work Ombudsman ndb).   Some employees working in the sector may also be covered by the Local Government Industry Award [MA000112] (Fair Work Ombudsman ndc).  The minimum pay and conditions set out in these awards have been subject to periodic review, including as part of the (now defunct) requirement for the Fair Work Commission to review awards every four years, and through the Fair Work Commission’s Annual Wage Review (with the 2022‑23 Review raising minimum award rates by 5.75%) (Fair Work Commission 2023c).  **a.** The terms ‘child care workers’ and ‘childcare centres’ represent the terminology used in the award. |
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Figure 3.17 – More than half of employees were paid at the award rate in 2021a

Pay rates of ECEC paid contact staff relative to relevant award rates, 2021

| Figure 3.17 – This figure has two bar charts. The first bar chart shows the share of staff with pay rates in different categories compared to the award rate, by ECEC service type. It shows that over 50% of staff in CBDC and are paid at the award rate, a small share are paid above it. The second bar chart shows the share of staff with pay rates in different categories compared to the award rate, by qualification. It shows that being paid at award rates was common across all qualification levels - although this is slightly less so for workers with a bachelor degree or above.  Legend |
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**a.** Excludes staff working in family day care and In Home Care, where a large proportion of staff work as independent contractors, meaning award rates would not apply. A high proportion of responses for these categories were also for ‘don’t know’. Excludes vacation care to limit overlap with outside school hours care. Excludes staff working in dedicated preschools.

Source: Productivity Commission based on DoE data (unpublished).

Available data suggests the use of enterprise agreements in the sector is relatively low. Enterprise agreements must build on award pay and conditions and as such, offer more generous terms than those required under the award. It has been estimated that only about 13% of employers (covering about 16% of employees) have an enterprise agreement in place. In contrast, more than one‑in‑three employees economy‑wide were covered under a collective agreement in 2021. However, there is some variation across the sector– for example, nearly one‑third of not‑for‑profit providers have an enterprise agreement in place, compared to just 3% of for‑profit providers (Deloitte Access Economics, 2023, unpublished).

Some inquiry participants suggested the relatively low access to enterprise bargaining is one structural factor contributing to the low pay of workers in the sector (for example: Community Early Learning Australia, sub. 92, p. 11, Community Child Care Association, sub. 111, p. 11, United Workers Union, sub. 147, p. 5).

A commonly cited reason for the low take up of enterprise bargaining is that the fragmented nature of the sector – characterised by a relatively large number of small providers – means that many providers likely lack the capacity or the incentive to engage in enterprise bargaining or implement performance‑based pay arrangements (which can be costly or time consuming to negotiate) (McDonald et al. 2018, p. 650; PC 2014, p. 324).

Another reason that is often put forward for low wages in the sector is the market‑based nature of ECEC provision, which means services face some incentive to compete on price – particularly when seeking to attract new customers – and to ensure their prices are comparable to their nearby competitors (ACCC 2023, pp. 98–99; McDonald et al. 2018, p. 650; PC 2014, p. 324). This may make individual services hesitant to fund pay increases for their staff through higher out‑of‑pocket expenses for families, particularly as enrolments are a critical determinant of service viability. Price constraints are likely to be more binding in areas where families have lower capacity to pay more for ECEC.

This is compounded by the fact that wages are by far the largest cost component of operating an ECEC service, so there can be little scope for providers to fund pay increases by reducing costs elsewhere. However, there is also variation across the sector on how much revenue providers spend on staff costs. For example, the ACCC found that labour‑related costs made up more than three‑quarters of all costs faced by large not‑for‑profit CBDC providers, but under two‑thirds of costs for large for‑profit CBDC providers (with the ACCC suggesting that cost advantages elsewhere – such as lower land, finance and administration costs – potentially provided not‑for‑profit providers with greater capacity to invest in staff *vis a vis* for‑profit providers) (ACCC 2023, pp. 54–55).

Another possible contributor to low wages in the sector relates to service priorities. Even when services may have scope to offer higher wages to their staff, they may allocate resources towards other activities that they consider to be a higher priority, such as ensuring care is affordable for local families or expansion, instead of improving the pay and conditions of their workforce.

Participants also suggested that the nature of work in ECEC is underappreciated and undervalued by much of the community, and that this was another reason for the sector’s low pay. Some have attributed this view to the fact that the ECEC workforce is overwhelmingly female. For example, the Centre for Research in Early Childhood Education said that:

historically, work in the ECE sector has been undervalued, largely due to the feminised nature of the ECE occupations [and] associated gender‑biased assumptions in wage setting, combined with the entrenched gender wage gap in the Australian labour market … (sub. 21, p. 17)

The Diversity Council of Australia pointed to gender norms also contributing to this perception.

The ECEC sector is experiencing significant staffing shortages, driven largely by low wages and poor working conditions. This is because traditional gender norms surrounding caring, with childcare being seen as ‘women’s work’, leads to the undervaluation of paid caring roles and low award wages in the childcare sector. (sub. 71, p. 7)

While the United Workers Union presented a similar point.

Despite regulatory standards that mandate a high level of skill in early childhood education and care work, ECEC remains labour that is economically and socially undervalued because of its historical association with unpaid ‘women’s work’. (sub. 147, p. 5)

All the factors mentioned above are plausible reasons for why ECEC wages are low relative to other industries and occupations. However, it is difficult to definitively identify which of these factors – or combination of them – has the most significant effect. It is also worth noting that – notwithstanding these factors – some services are willing and able to pay above (and sometimes well above) award rates, which suggests that not all providers face these constraints to the same extent.

### Recent changes to the industrial relations environment are highly consequential for the sector

In December 2022, the *Fair Work Legislation (Secure Jobs, Better Pay) Act 2022* (Cth) received Royal Assent. The Act brought a suite of changes to Australia’s industrial relations system. These included (but were not limited to):

* changing the objectives of the *Fair Work Act 2009* (Cth) to include promoting job security and gender equality
* prohibiting pay secrecy
* establishing expert panels within the Fair Work Commission to focus on pay equity in the care and community sector
* changes to promote increased access to multi‑employer bargaining
* limiting the length of fixed‑term contracts
* changes to the objectives of modern awards and minimum wages to include the need for gender equality
* changes to the requirements for equal remuneration orders (Fair Work Ombudsman 2023b, 2023a).

In the second reading of the Bill to introduce these changes, the Minister for Employment and Workplace Relations pointed to gender equality being a major focus.

Some of the most undervalued workers in our country are workers in female‑dominated industries. Many are the very workers who put their health and safety on the line to guide us through the shutdown period of the pandemic. Workers in health care, aged care, disability support, early childhood education and care, the community sector and other care and service sectors. Work in these industries is undervalued because of unfair and discriminatory assumptions about the value of the work and the skill required to do the job. This undervaluation is one of the biggest causes of the gender pay gap and our reforms take a number of key steps to address it. (Burke 2022)

Several of the reforms introduced through the Act have the potential to have a major impact on how the pay and conditions of ECEC employees are set – namely, changes to promote multi‑employer bargaining, potential changes to award wages in sectors where female‑dominated workforces have historically been underpaid, and changes to the circumstances where an equal remuneration order can be made.

#### Changes to promote multi‑employer bargaining are highly significant for the sector, and an authorisation to start supported bargaining has been granted

The most immediate way the changes to the Fair Work Act could impact on the wages and conditions of ECEC employees is likely through changes to multi‑employer bargaining arrangements and, in particular, changes to what was previously known as the ‘low‑paid’ bargaining stream. These changes include changing the name of the stream to the ‘supported’ bargaining stream, removing some restrictions, and broadening the test to be considered by the Fair Work Commission when determining if multi‑employer bargaining can take place (Pallot et al. 2022; Ryan et al. 2022) (box 3.7).

In introducing these changes, the Minister identified ECEC as one sector that stands to be affected.

The bill will rename and remove barriers to access the existing low‑paid bargaining stream, with the intention of closing the gender pay gap and improving wages and conditions in sectors such as community services, cleaning, and early childhood education and care, which have not been able to successfully bargain at the enterprise level. (Burke 2022)

| Box 3.7 – What is the supported bargaining stream? |
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| The supported bargaining stream is one way multi‑employer agreements can be struck under the Fair Work Act.  The supported bargaining stream is designed to assist and encourage employees and employers to bargain who may find it difficult to do so at a single enterprise level. It replaced the previous ‘low‑paid’ bargaining arrangements set out in the Act.  Supported bargaining must be authorised by the Fair Work Commission. The Fair Work Commission must provide this authorisation if an application has been made to undertake supported bargaining and the Fair Work Commission is satisfied that it is appropriate for the employers and employees that will be covered by the agreement to bargain together. In making this decision, the Fair Work Commission will take into account:   * *pay and conditions –* whatthe prevailing pay and conditions in the relevant industry or sector are, including whether low rates of pay are prevalent * *common interests* – whether the employers have clearly identifiable common interests, such as a geographic location, the nature of the enterprises and the existing terms and conditions of employment, or being substantially funded by government * *bargaining representation* – whether the likely number of bargaining representatives will be manageable * *other matters* that the Fair Work Commission considers appropriate.   The Fair Work Commission must also be satisfied that at least some of the employees are represented by a union. Further, authorisation cannot occur if an employee specified in an application is covered by a single‑enterprise agreement that has not passed its nominal expiry date.  Once an application is authorised, supported bargaining can commence. In some cases, third parties may be directed to attend bargaining conferences if the Fair Work Commission ‘is satisfied that the party exercises such a degree of control over the terms and conditions of the employees who will be covered by the agreement that their participation is necessary for the agreement to be made’.  It is possible for additional employers and employees to be included in an agreement reached as a result of supported bargaining even after the agreement is made. This can be done by agreement between the additional employers and employees. But it can also be done without employer agreement, if a majority of additional employees wish to be covered and if the Fair Work Commission determines that this is appropriate, taking into account the views of the employer, the views of unions covered by the agreement, and other factors.  In addition to the supported bargaining stream, there are two additional streams through which multi‑employer bargaining can take place.   * The *single interest employer* stream, which allows two or more employers (that are certain franchisees or with common interests) to be covered by the same agreement. Bargaining under this stream also requires authorisation from the Fair Work Commission. The main difference between the supported and single interest employer bargaining streams is that the Fair Work Commission has additional powers to assist parties in the supported bargaining stream to come to an agreement (including third‑party arbitration). * The *cooperative agreement* stream, which allows employers who have agreed to bargain together – and have not been included in a supported bargaining or single interest bargaining authorisation – to make an agreement.   Source: Fair Work Commission (2023f, 2023h, 2023g, 2023a, 2023b); PC (2022b, p. 123). |
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On 6 June 2023, three unions[[5]](#footnote-6) representing workers in the ECEC sector applied to the Fair Work Commission for a supported bargaining authorisation (Fair Work Commission 2023d). In the application – which is confined to CBDC – the unions sought to engage in supported bargaining with a group of 62 employers, with all but one represented by either the Australian Childcare Alliance, the Community Childcare Association or Community Early Learning Australia (all of which support the application (ACA 2023a; Fair Work Commission 2023j)). G8 Education is also listed in the application and is represented by itself (Fair Work Commission 2023j). It has been estimated that over 12,000 employees (across all states and territories) are covered by the application (Lucas 2023). On 27 September 2023, the Fair Work Commission authorised the application, allowing supporting bargaining to commence (Fair Work Commission 2023e, 2023i).

This authorisation is the first of its kind, meaning there is little precedent to draw upon to inform how the process might play out and how long before any agreement is reached. Despite this uncertainty, it is speculated that the Australian Government, as a key funder of the sector, will be directed to participate in the negotiations (Roberts 2023). In their submission to this inquiry, the United Workers Union pointed to a need for the Australian Government to commit to ‘sitting at the table’ during bargaining (sub. 147, p. 7).

It is clear that if an agreement is struck (and approved by the Fair Work Commission), it has the potential to be very consequential for the sector. The number of employees covered in the application is significant. And the ‘flow on’ effects of an agreement have the potential to impact a much bigger number of workers and services in the sector – either by placing a degree of competitive pressure on other employers to increase their wages, or more directly, through additional employers being added to the agreement because the majority of their employees wish to be covered. This latter scenario requires the Fair Work Commission to decide that including additional employers and employees is appropriate (and at the moment, there is little guidance on – and no case law to inform – how the Fair Work Commission might approach this judgment).

#### A review of modern awards to address ‘gender undervaluation’ is also underway

When handing down the 2022‑23 Award Wage Review, the Fair Work Commission also indicated that the changes to the Fair Work Act necessitated a change in approach to addressing wages in sectors where female‑dominated workforces have historically been underpaid (also referred to as gender‑based undervaluation of work). This included less reliance on applications from external parties to initiate examinations of the matter.

We consider that as a result of the amendments … any issues of unequal remuneration for work of equal or comparable value or gender undervaluation relating to modern award minimum wage rates can no longer be left to be dealt with on an application‑by‑application basis outside the framework of the Review process. Such issues, insofar that they may be identified, should now be dealt with in the Review process or in other Commission‑initiated proceedings between Reviews. (Fair Work Commission 2023c, p. 51, paragraph 120)

The Fair Work Commission went on to state that it is undertaking a ‘research project to identify occupations and industries in which there is gender pay inequality and potential undervaluation of work and qualifications’ and that this project would inform future Award Wage Reviews (Fair Work Commission 2023c, p. 59, paragraph 137). The project has two stages.

* The first stage will involve identifying occupations and industries in which gender‑based occupational segregation is prevalent. This will include identifying the modern awards that cover these occupations and industries, and the extent that these occupations and industries are award reliant. This stage is expected to be completed in late 2023.
* The second stage will report on the extent to which the industries, occupations and classifications identified in the first stage ‘have associated indicia that suggest that they may be subject to gender undervaluation.’ (Fair Work Commission 2023c, p. 59, paragraphs 137‑138)

The Fair Work Commission indicated that – once this project has been finalised – proceedings will be initiated to ‘consider and, if necessary, address the outcomes of the research project’, potentially as part of the 2023‑24 Annual Wage Review (Fair Work Commission 2023c, pp. 59, paragraph 139).

While this review is ongoing and it is uncertain what its outcomes will be, it too has the potential to be highly consequential for the sector if it is found that gender undervaluation in work is occurring for ECEC industries and occupations and remedial action is needed. As previously mentioned, the sector has generally been reliant on award rates to set pay and conditions, so any increase in award rates to address gender undervaluation could impact on a large proportion of employees and employers in the sector. And even some workers on enterprise agreements may be affected if their pay rates are pegged to those outlined in awards or if increases in award rates increase competitive pressure for wage rises in the sector more broadly.

#### There have also been changes to the requirements for equal remuneration orders, which are relevant for the sector

A third significant change relates to equal remuneration order arrangements. This includes a clarification that the Fair Work Commission does not require evidence of a reliable male comparator in order to find that work has been undervalued on the basis of gender (DEWR 2022, p. 1). Difficulty identifying a valid male comparator was a contributor to previous applications for equal remuneration orders for the ECEC sector being dismissed by the Fair Work Commission, so the clarification that a reliable male comparator is not required may significantly improve the prospects of any future application succeeding (box 3.8). Further, the Fair Work Commission is now empowered to make an order off its own initiative, instead of necessarily waiting until an application for an order is made (Fair Work Ombudsman 2023a).

| Box 3.8 – Past equal remuneration order applications for the ECEC sector |
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| Under Part 2‑7 of the Fair Work Act, the Fair Work Commission has the power to make an Equal Remuneration order ‘to ensure that there is equal remuneration for men and women workers for work of equal or comparable value’. The particulars of such orders, including the circumstances where such an order can be made, have changed over time.  Unions – representing employees of the early childhood education and care (ECEC) sector – have twice lodged applications for an Equal Remuneration Order. These applications were made under different arrangements to those in force today.  In 2013, United Voice (the then union representing ECEC educators) and the Australian Education Union (Victoria Branch) submitted an application for an equal remuneration order relating to employees working in long day care centres and preschools, and who were covered under one of three different awards. In a Decision addressing preliminary issues relating to the application, it was established that a ‘comparative exercise’ was required between the group of employers who would be covered by the order and an identified comparator group. Under this exercise, the two groups were required to: perform work of equal or comparable value; must be of the opposite gender; and must be unequally remunerated.  For the purposes of establishing a comparison group against which the case for an order could be assessed, the application contended that the diploma‑ and certificate III‑levels of the *Children Services Award* applied to work that was of equal or comparable value to that performed under certain classifications in the *Manufacturing and Associated Industries and Occupations Award*. In 2018, the Fair Work Commission dismissed the application – in part because the Commission rejected the proposition put forward that the manufacturing sector provided a valid comparator industry (Fair Work Commission 2018; Martin‑Guzman 2018).  Also in 2013, the Independent Education Union of Australia lodged an application for an equal remuneration order relating to early childhood teachers employed in long day care centres and preschools and who were covered under the *Educational Services (Teachers) Award*. A separate application was made by the Union to increase the minimum wages for teachers covered by the Award on work value grounds (which essentially argued that there had been significant changes in the work value of teachers – including early childhood teachers – that were not taken into account in the setting of minimum award wage rates). Rulings on both applications were handed down in 2021. The application for an equal remuneration order was dismissed on the grounds that the comparator occupations – male teachers employed in primary schools in New South Wales and male professional engineers – did not meet the necessary requirements to permit an order. But the Fair Work Commission did find that the work value of teachers had changed and, consequently, that the minimum wage rates set under the Award should increase. It was reported that this decision resulted in pay rises of up to 10% for some early childhood teachers (Fair Work Commission 2021; Matthews 2021). |
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#### While these processes are likely to result in a pay increase for the sector, there are still key unknowns

It is likely that the changes to the industrial relations environment will lead to some level of wage increase for ECEC workers. The changes are significant in nature and sufficiently far reaching to impact a large proportion of ECEC employers and employees.

Given these changes, and the resulting multi‑employer bargaining application and review of modern awards, the industrial relations system is the appropriate avenue through which the level of wages for ECEC employees should be considered. It means that the wages and conditions of the ECEC workforce can be considered in the context of the pay and conditions of workers in other occupations (including in occupations that may ‘compete’ with ECEC for workers), and take into account developments in the labour market (and the economy) as a whole. It also means that the pay and conditions of ECEC workers are considered through statutorily defined processes that are generally open to all workers facing similar circumstances. Alternative approaches, such as governments committing to a sector‑specific pay increase independent of any industrial relations processes and funding this through bespoke funding instruments, are less desirable.

That said, there are some unknowns. As flagged above, the changes to the industrial relations environment are relatively new and the ECEC sector will be the test case for how they are applied. Even if wages were to increase as a result of these changes – be this through a multi‑employer agreement or other avenues – it is unclear how substantial any increase might be. Unions have argued for a 25% pay increase (Lucas 2023, United Workers Union, sub. 147, p. 7). Others have pointed to a 15% wage increase, in line with recent increases to several awards relating to aged care (for example, Bermagui Preschool, sub. 49, p. 4, Children First Alliance, sub. 140, p. 9; Emma Cross and Dr Matthew Sinclair (Curtin University), sub. 175, p. 2). The size of any pay increase arising from these new arrangements (and their timing) will likely not be known for some time.

Another source of uncertainty is the extent to which wage increases will induce an increase in the number of workers entering – or remaining in – the sector, particularly when the broader labour market is tight. It is possible that, at least in the short term and depending on developments in the labour markets of other sectors, the effects of a wage increase on the supply of ECEC workers could be relatively small.

While not directly comparable, the National Skills Commission previously modelled the impacts of a 10% wage increase for key occupations in the care workforce (not including ECEC) relative to other sectors.[[6]](#footnote-7) This was estimated to have a significant effect on the supply of workers in the longer term (it was estimated that, under the increase, there would be about 418,000 FTEs in the care sector in 30 years’ time, compared with about 320,000 FTEs under the baseline scenario), but the effect in the first few years was relatively small (National Skills Commission 2021, pp. 347–349). A similar pattern might be expected in the wake of any wage increases in the ECEC sector – that is, muted impacts on labour supply in the short term, as factors such as qualification requirements restrict the ability of new workers to move into the sector immediately. This is not to say that there will be no short‑term impacts however – some workers with existing qualifications might seek to rejoin the sector, and services may find it easier to retain workers because more existing staff elect to stay in the sector because of higher wage rates.

As another indicative example, modelling by the Commonwealth Treasury to estimate the impact of a 25% wage increase in the aged care sector found that labour in the sector increased by 5‑10% in the long run (compared to a scenario without this increase), but the economy‑wide labour supply remained the same, meaning most of this increase was caused by workers shifting to the aged care sector from other sectors or industries of the economy (Commonwealth of Australia 2022a, p. 5).

#### A wage increase would need to be funded by families, governments or a combination of both

Another key unknown is how any increase in wages would be funded. The two largest funders of the sector are governments and families. It is possible that some providers might be able to fund at least part of any wage increase by reducing costs elsewhere, or by reducing profits or surpluses. But cuts could affect quality, while lower profits or surpluses could have repercussions for service viability and expansion. Moreover, the fact that wage costs make up most of provider costs, and that the ACCC found profits in the sector are ‘highly variable’ (ACCC 2023, p. 17), suggests that the scope for many providers to fund wage increases without raising prices is probably limited.

With likely limited scope for many services to absorb permanently higher costs, wage increases would need to be funded predominately by higher prices for families, a greater fiscal contribution from governments or a combination of both. There are significant impacts that need to be considered, irrespective of whether it is families or taxpayers who primarily fund a wage increase.

A downside of substantially funding wage increases through higher prices for families is that this would lead to a contraction in demand for ECEC services – some families would not be willing or able to pay higher prices and would either remove their children from ECEC or reduce the number of hours of ECEC they use. This, in turn, deprives some families of the benefits that arise from ECEC and runs counter to policy intentions to build greater accessibility into the system. While these demand impacts could be moderated to some extent if price rises were very tightly targeted at families who were the least price sensitive – most likely high income households – they are unlikely to be eliminated entirely (and making ECEC more expensive for higher‑income households would also undo some of the impact of the Australian Government’s Cheaper Childcare reforms, which extended eligibility for the Child Care Subsidy further down the income spectrum).

Many inquiry participants called for wage increases to be funded from government budgets as opposed to higher fees for families. Some pointed to the Australian Government’s decision to effectively fund a wage increase for certain aged care staff as an example of where similar action has already been undertaken (box 3.9).

But taxpayer funding for wage increases has costs too. This includes an opportunity cost – the funding that governments spend on supporting a wage increase could be spent on other goods or services and will increase the demands placed on taxpayers to fund the system each year. But there is the potential for other costs too – for example, if governments raise taxes to fund this increased expenditure, this can be expected to lead to reduced labour force participation (or economic activity more broadly).

Ultimately, it is a policy decision for governments about whether funding a wage increase for ECEC workers is a priority use of public funds. But in making this decision, governments need to carefully weigh up the benefits that arise from a higher paid ECEC workforce (that is funded from government – and not family – contributions) – including the benefits that it may have on ECEC access if it leads to more workers entering or remaining in the sector – and the costs that this imposes on government budgets and the economy more broadly.

| Box 3.9 – Government funding for wage increases in the aged care industry |
| --- |
| In late‑2020 and mid‑2021, three unions lodged applications with the Fair Work Commission to vary three awards to increase the wages paid to aged care sector workers. These applications followed a recommendation from the Aged Care Royal Commission relating to increasing award wages.  Employee organisations entitled to represent the industrial interests of aged care employees covered by the Aged Care Award 2010, the Social, Community, Home Care and Disability Services Industry Award 2010 and the Nurses Award 2010 should collaborate with the Australian Government and employers and apply to vary wage rates in those awards to:   * reflect the work value of aged care employees in accordance with section 158 of the Fair Work Act 2009 (Cth), and/or * seek to ensure equal remuneration for men and women workers for work of equal or comparable value in accordance with section 302 of the Fair Work Act 2009 (Cth).   At the centre of the applications was a contention that an increase to award wages was ‘justified by work value reasons’. The applicant unions sought a 25% increase in the award wages for all employees covered by the three awards in question.  In a submission to the Fair Work Commission, the Australian Government expressed its support for an award wage increase for aged care workers and stated that ‘[the] Commonwealth will provide funding to support any increases to award wages made by the Commission in this matter and that will help deliver a higher standard of care for older Australians.’  In November 2022, the Fair Work Commission handed down an ‘interim decision’ in favour of providing an increase in award wages of 15% for direct care classifications in the three awards. The increase took effect from 30 June 2023. Through a future stage of the process, a decision will also be made on whether further wage adjustments are justified (both for those affected and not affected by the wage increases set out in the interim decision).  In the 2023‑24 Federal Budget, the Australian Government ‘invested $11.3 billion over four years to fund the Fair Work Commission’s interim decision for a 15% pay increase’, implemented through a mix of increased subsidies and grant funding. The Government has indicated that it expects all providers to pass on the additional funding in higher wages to relevant employees, even if they are already paying above the award, and providers will be required to report expenditure on direct labour costs as part of their quarterly financial reporting.  Source: Butler (2023); Commonwealth of Australia (2022b); DHAC (2023); Fair Work Commission (2022); Sutton et al. (2023). |
|  |

Another key question that governments face relates to how they should implement a wage increase werethey to do so. There are several options, each with advantages and disadvantages.

One option is directly subsidising wages. This is done, for example, in British Colombia, where the provincial government provides a CAD$4 an hour ‘wage enhancement’ for educators (appendix B). This approach has the advantage of ensuring that any government support for wage increases directly results in higher wages for ECEC staff. However, such an approach also has downsides (particularly if it is overly prescriptive about how wage increases should be delivered and to whom) and, once implemented, it can be difficult to unwind when labour market conditions change. Further, governments may face consistent lobbying or pressure to increase the subsidy from providers, workers and unions, leading to higher expenditures than anticipated. (In the case of British Colombia, the wage enhancement was initially introduced at CAD$1 an hour in 2018 but has since been increased three times to its current CAD$4 rate (BC Gov News 2018, 2022)).

A second option is to provide additional funding to services that meet set requirements about the wages they pay their employees. Governments could, for example, provide a payment to a service if a certain share of their employees are paid above award rates. New Zealand operates a scheme along these lines, where services that commit to paying their teachers at least a predetermined rate can receive additional funding from the New Zealand Government (New Zealand Ministry of Education Te Tāhuhu o te Mātauranga 2023). This approach too, can help to ensure that there is a clear relationship between government support for wage increases and the wages that staff receive, and can minimise the ‘leakage’ of public funding to providers who do not commit to paying higher wages. However, such an approach is complex – it imposes compliance costs on services to demonstrate that they have met the necessary conditions to receive the additional funding, and imposes costs on governments to administer and enforce.

A third option is to increase resourcing for the sector as a whole – for example by raising hourly rate caps – to give services more capacity to pay higher wages to their staff. This approach is less administratively complex than other approaches and provides the greatest flexibility to services to allocate these extra resources to where they best meet their needs.

However, the risk is that with this flexibility, providers may use this extra funding for purposes other than raising staff wages. This risk is minimised, however, when all employers in the sector are required to pay higher wages, as would happen if there is an increase in award rates. It would also happen if a multi‑employer agreement were reached that covered a significant majority of services, either of their own volition or because they were incorporated under ‘rope in’ provisions. And competitive pressure would work to minimise this risk too – where there is significant competition for ECEC staff (as there is now), it will be increasingly difficult for providers to attract and retain staff if they elect not to pay higher wages when other services do.

One consequence of funding wage increases through a higher hourly rate cap is that – absent any other changes to the Child Care Subsidy – some families will be required to fund part of the increase. This is because a family’s hourly subsidy is set as a proportion of the hourly rate cap (or the fee that they are charged if this is lower than the cap). As the rate cap increased to fund the wage rise, so too would out‑of‑pocket expenses for families entitled to less than 100% of the cap (as is the case for most families) if their service raised fees.[[7]](#footnote-8)

|  | Draft finding 3.1  Expected wage increases may relieve recruitment and retention challenges |
| --- | --- |
| The pay and conditions offered to the ECEC workforce – long at the heart of recruitment and retention challenges – may be addressed through processes arising out of recent changes to the *Fair Work Act 2009* (Cth), including approval from the Fair Work Commission for a significant number of employers in the sector to commence supported multi‑employer bargaining.  Any increase in wages will need to be funded by families or governments, or a combination of both. It is a decision for governments whether funding a wage increase for ECEC workers is a priority use of public funds. | |

## Qualification and career pathways to support the ECEC workforce

### Educator qualifications

#### Educators are generally required to hold VET‑level qualifications

To work in a centre‑based or FDC service that provides ECEC to children who are preschool age or under, educators need to hold (or in some cases, at least be working towards) a qualification that has been approved by ACECQA. Requirements vary by ECEC type and sometimes by jurisdiction (appendix C), but broadly speaking:

* in centre‑based services with children under preschool age (which include long day care services and preschools and kindergartens in most states and territories), at least 50% of educators must hold an approved diploma‑level qualification or higher and all other educators must hold an approved certificate III qualification. Services also need to have access to an ECT (with the nature of this access varying depending on the number of children in attendance) (ACECQA 2023e)
* in FDC, educators must hold an approved certificate III qualification or higher, and FDC coordinators must have an approved diploma‑level qualification (ACECQA 2023f).

In OSHC, there are varying jurisdiction‑specific requirements, with some jurisdictions not setting mandatory minimum qualifications for educators at all (ACECQA 2023b).

ACECQA maintains a list of certificate III‑ and diploma‑level qualifications that have been approved for the NQF (as well as a list of approved OSHC qualifications in jurisdictions that have requirements) (ACECQA 2023b). Most significantly (in terms of 2022 enrolments), the list includes:

* a Certificate III in Early Childhood Education and Care (CHC30121) provided by any Australian Registered Training Organisation (RTO). In 2022, there were over 35,000 enrolments in this program
* a Diploma of Early Childhood Education and Care (CHC50121) provided by any Australian RTO. In 2022, there were about 9,000 enrolments in this program (NCVER 2023).[[8]](#footnote-9)

Both these courses consist of competencies and skill sets that are specified in a national training package and are a form of nationally recognised training, meaning these courses must be delivered by a (regulated) RTO.

These courses are relatively new – only taking effect in 2021. They replaced the existing ECEC certificate III and diploma qualifications and included changes to the core and elective units ‘to reflect sector requirements’ (Australian Government 2023e, 2023d). And significantly, for the Diploma of Early Childhood Education and Care, students are now required to hold a Certificate III in Early Childhood Education and Care in order to undertake the qualification. This requirement was introduced to improve the quality of qualifications in the sector.

The CHC30121 Certificate III in Early Childhood Education and Care has been made an entry requirement for the CHC50121 Diploma of Early Childhood Education and Care to address the sector’s concerns with the inconsistency in quality and consistency of graduates and concerns with unduly short courses. The Certificate III provides the foundations deemed necessary by the sector for ongoing personal development and career success which have been reportedly lacking with a qualification structure with direct entry to the Diploma qualification (SkillsIQ 2022, p. 32).

Many governments have a range of initiatives in place to assist people to gain the necessary qualifications to work as an educator in the sector, including access to free or very low cost certificate‑ and diploma‑level courses (including through the Fee‑Free TAFE program (Australian Government 2023a)) and scholarship programs (for example, the NSW Government offers scholarships of up to $5,000 to assist ECEC educators studying a relevant diploma in ECEC or School Age Education and Care, and $3,000 for students studying a certificate III in ECEC or OSHC) (NSW Government 2023b).

#### The Commission heard some concern about the quality and workforce readiness of VET graduates

There have been concerns about the training quality received by students undertaking certificate III and diploma‑level Early Childhood Education and Care courses for some time. For example, a key finding of the Commission’s 2011 report on the Early Childhood Development Workforce was that – while there were examples of excellence – quality was generally highly variable and there were widespread concerns about poor quality ECEC training being provided by RTOs which, if left unaddressed, risked VET expenditure being ‘wasted’ (PC 2011, p. 203). And in 2014, the Commission again noted these concerns.

There are widespread concerns in the sector about the quality of some training received by graduates who have undertaken an ECEC qualification, particularly at the Certificate III and diploma level. (PC 2014, p. 309)

In response to the Commission’s findings, the Australian Skills and Quality Authority (ASQA) – the national regulator for vocational education and training – undertook a strategic review of VET ECEC training in 2015. While the review concluded that the quality of ECEC training was ‘largely comparable with that in the VET sector as a whole’ (ASQA 2015, p. 3), it identified significant issues, particularly with respect to:

* course length – for example, over 70% of the delivery of the Certificate III in Child Care was occurring in programs less than one year in length (despite a benchmark set by the Australian Qualification Framework that one to two years was the appropriate length of a certificate III qualification). And 20% of delivery was occurring in programs that were no longer than half a year (26 weeks)
* compliance with the national standards – audits of ECEC training providers revealed that only 26% were found to be fully compliant with the required national training standards, increasing to 69% after RTOs who were not compliant were given 20 days to rectify their non‑compliance. Compliance with the standards relating to assessment were found to be the most problematic (ASQA 2015, pp. 2–3, 61).

The review made a range of recommendations to improve the quality of ECEC programs, including: making greater use of minimum benchmarks around the amount of training required; having regulators work closely with peak bodies to improve the processes through which providers can raise concerns about the quality of training and assessment; and changes to how trainers and assessors were trained (ASQA 2015, pp. 5–8).

Over the past five years, there has been a range of significant reviews of Australia’s VET sector – including the Braithwaite Review (Braithwaite 2018), the Joyce Review (Commonwealth of Australia 2019), a Review of the National Agreement for Skills and Workforce Development by the Commission (PC 2020), and a ‘Rapid Review’ of ASQA’s regulatory practices and processes (mpconsulting 2020). On the back of these reforms, successive governments have implemented significant reform agendas for the VET sector (Cash and Irons 2020; DEWR 2023a, 2023d; Ferguson 2019), and some reform initiatives remain underway, including processes to revise the standards RTOs must meet and the qualifications issued by the sector (DEWR 2023e, 2023c). A new five‑year National Skills Agreement between the Australian Government and state and territory governments has also taken effect (Commonwealth and State and Territory Governments 2023).

As a result of these reform agendas, the VET system is significantly different today to the system that was in place when the Commission (in 2010 and 2014) and ASQA (in 2015) found significant shortcomings in the quality of VET ECEC courses.

The Commission still heard some concerns about the quality of the skills of recently graduated educators and their readiness to work in the sector. For example, the Tasmanian Government Department for Education, Children and Young People submitted:

there continues to be concern nationally about the quality of ECEC training, particularly VET courses that are being fast‑tracked by some registered training organisations. Qualifications need to be delivered efficiently to address workforce shortages, but this should not compromise course quality. (sub. 159, pp. 13–14)

While RARE said that services commonly encountered:

poorly trained educators who have a lack of general skills and knowledge necessary for completing their work to a satisfactory level, across all levels of ECEC qualifications. (sub. 45, p. 1)

Concerns were also raised by Waverly Council (sub. 132, p. 9), B4 Early Years Coalition Tasmania (sub. 55, p. 7) and a small number of other inquiry participants.

Overall, however, concerns about the quality of VET graduates have been less prominent in this inquiry than they were in the Commission’s past reviews into the ECEC sector (in 2010 and 2014). There are several reasons why this might be the case. For example, this could be a sign that the major reforms undertaken by governments – both to ECEC‑specific VET qualifications and to the VET sector in general – are working to address the previously widespread concerns about the quality of training received by students undertaking ECEC certificate III and diploma courses. But it could also be the case that concerns about the quality of VET courses still exist, but there are other factors that are weighing more heavily on the sector – for example, concerns about the quality of VET graduates might be a lower order issue for many providers when they are having difficulty recruiting and retaining enough staff to keep rooms open or offer their full capacity.

The Commission considers that there may be ways to improve the quality of ECEC VET courses and the work readiness of the graduates they produce. For example, there may be a case to make greater use of independent assessment, meaning students’ competencies are assessed by an assessor that is independent to those delivering the training. The Commission’s Review of the National Agreement for Skills and Workforce Development called for governments to undertake phased implementation of independent assessment, noting that ‘it would be particularly valuable to explore the use of [independent assessment] in areas where minimum training standards contribute to public benefit …’ (PC 2020 recommendation 7.6, p. 249). Given a rationale underpinning mandatory qualification requirements for educators is that they contribute to a higher quality care and positive developmental outcomes (COAG 2009, p. 8) – which is a public benefit – ECEC VET qualifications meet this criterion.

However, before formalising any recommendations, the Commission would appreciate further views from inquiry participants on the quality of existing VET ECEC courses, whether improvement is needed, and if so, what steps could be taken to achieve this.

|  | Information request 3.1 |
| --- | --- |
| The Commission is seeking information on the quality of ECEC‑related vocational education and training (VET). In particular, the Commission would welcome views on:   * the impact of recent and ongoing reform – both to VET ECEC qualifications and the VET sector more broadly – on the quality of qualifications and the job readiness of ECEC graduates * whether there are widespread problems with the quality of VET ECEC courses, and if so, what these problems are, why they exist and what should be done to address them. | |
|  | |

#### Use of traineeships has increased in recent years

Traineeships are a form of vocational training that combines workplace learning with formal qualifications studied through an RTO. Traineeships typically take one to two years to complete, during which the trainee is paid and receives access to workplace entitlements such as leave. While open to workers of all ages, traineeships are often particularly attractive to recent school leavers, and in some cases, can be commenced while a student is still at school (Apprenticeship Careers Australia 2023).

The use of traineeships as a pathway into the sector has increased in recent years (figure 3.18).

As the Commission has previously identified, traineeships can have advantages over other types of training models. For example, traineeships provide more practical experience, which provides trainees with faster pathways to develop their skills and may suit some students who prefer a ‘hands on’ way to obtain qualifications (which some students may prefer over classroom‑style learning). And traineeships may help with retention – for example, in 2010, the Commission found those who obtained a certificate III in children’s services via a traineeship were significantly more likely to be employed in the sector one year later than those who obtained the same certificate through different channels (PC 2020, p. 241).

Certificate III and diploma qualifications in early childhood education and care are listed on the Australian Apprenticeships Priority List (DEWR 2023b), and as such, trainees in these programs qualify for the Australian Apprentice Training Support Payment, which involves regular payments over two years (up to a total of $5,000) (Australian Government 2023b). Additionally, employers of trainees are entitled to claim the Australian Government’s ‘priority wage subsidy’, which provides employees with a subsidy of up to 10% of wages paid to trainees for the first 24 months (up to $1,500 per quarter) and 5% of wages for the third 12‑month period (up to $750 per quarter) (Australian Government 2023c). This is more generous than the ‘hiring incentives’ available to employers of trainees for qualifications not on the Australian Apprenticeships Priority List.

These incentives – particularly the priority wage subsidy – are significant. However, some inquiry participants suggested that they create an incentive for employers to ‘churn’ through trainees to ensure they have continued access to the subsidy. For example. Community Connections Solutions Australia submitted:

a further issue is that trainee schemes encourages employers to not retain a trainee as they can then continue to access government employment incentives on a continual basis for subsequent trainees. The scheme can be used as a strategy for income generation or to limit wages expenditure rather than a commitment to training new staff who will become valuable full‑time employees. (sub. 105, p. 13)

This is a risk, but not one that is unique to the ECEC sector. And specifically for the sector, this is a risk that is unlikely to be particularly material when workforce challenges are as widespread and acute as they are at the moment – even if trainees leave their training employer, so long as the training they have received is of a good quality, many will be picked up by other employers who have a need for staff. But this risk does point to an ongoing need for monitoring to ensure that the financial incentives for traineeships create additionality (that is, result in more trainees than if subsidies were not available) and are only enacted for as long as they genuinely assist the sector to close critical workforce gaps.

Figure 3.18 – Traineeships have increased in recent yearsa

Number of commencements and completions in ECEC traineeships, 2018–2022

Figure 3.18 – This is a line chart that shows the number of commencements in and completions of ECEC traineeships between 2019 and 2023. It shows that both commencements and completions of traineeships has increased in recent years. Completions are still lower than commencements. 

**a.** Commencements and completions counts are for the 12 months ending 31 March in each of the years specified for Certificate III (course codes CHC30113 and CHC30121) and Diploma (course codes CHC50113 and CHC50121) courses in Early Childhood Education and Care.

Source: NCVER (2023).

It is also important to monitor the quality of the training delivered through traineeships to ensure that this is of a good quality and valued by both employers and employees. Only a very small number of inquiry participants indicated concern with the quality of traineeships in the sector or the support that trainees receive (for example, brief comment 110, Waverly Council, sub. 132, p. 8). The relatively little commentary on the quality of traineeships in submissions and comments *may* provide an indication that current arrangements are broadly effective. But given the importance of traineeships as an alternative pathway into the sector and their contribution to addressing workforce constraints, the Commission would appreciate further views on the quality of traineeships to inform the final report. Views from employers and employees who have participated in traineeships in the past would be particularly valued.

|  | Information request 3.2 |
| --- | --- |
| The Commission is seeking information on the effectiveness of traineeships as a career pathway in ECEC, for trainees as well as ECEC providers.  The Commission would also welcome views on opportunities to improve traineeship arrangements. | |
|  | |

### Pathways for early childhood teachers (ECTs)

#### ECTs must hold an ACECQA approved early childhood teaching qualification and may need to be registered with their state teaching authority

As noted above, under the NQF, centre‑based services with children under preschool age are required to have access to an ECT, and ECTs are required to hold an ACECQA‑approved early childhood teaching qualification in order to work as a teacher in the sector. ACECQA maintains a list of early childhood teaching qualifications it has approved, which include:

* many three or four year undergraduate degrees in teaching and education from Australian or New Zealand universities
* some master’s courses (which are typically – but not always – two years in duration)
* some graduate diplomas and certificates (which can be as short as half a year) (ACECQA 2023b).

Some qualifications from non‑university higher education providers are also approved, including certain bachelor’s degrees from TAFE New South Wales and Melbourne Polytechnic.

Individuals with qualifications that are not on ACECQA’s approved list can also apply to ACECQA to have their qualifications approved (ACECQA 2023d).

Additionally, as transitional measures:

* teachers who are registered by state‑based teacher registration bodies, who have a primary and secondary teaching qualification and who have an ACECQA‑approved certificate III‑level qualification or higher are considered to meet ECT requirements. This measure is scheduled to cease at the end of 2024, although individuals who have obtained this combination of qualifications before then will continue to be recognised (ACECQA 2023g)
* in some jurisdictions, and in some circumstances, a person may be ‘taken to be an early childhood teacher’ if they are enrolled in an approved early childhood teaching qualification and have presented their provider with documentary evidence (from the course provider) that they: have started the course; are making satisfactory progress towards completing the course; are meeting enrolment requirements; and hold an approved diploma‑level educator qualification or have completed at least 50% of the course. This provision is also scheduled to expire at the end of 2024 (ACECQA 2023a).

While meeting ACECQA requirements is a necessary condition to practicing as an ECT in ECEC settings, in some jurisdictions, this by itself is insufficient, and ECTs must also be registered with their relevant state and territory teaching authority. There is no consistent approach to teacher registration requirements for ECTs, with each jurisdiction having their own (and often vastly different) arrangements (table 3.1).

Depending on the nature of their qualification, ECTs may also be required to pass the Literacy and Numeracy Test for Initial Teacher Education Students (LANTITE) prior to graduating in order to ensure that their literacy and numeracy skills meet a minimum standard.

Table 3.1 – ECT registration requirements across jurisdictions

|  | Requirements |
| --- | --- |
| ACT | No registration requirements for ECTs in NQF settings that are not attached to an ACT school. However, a Bill has been developed that might facilitate ECT registration in the future. |
| NSW | ECTs working in approved centre‑based settings must be accredited. |
| NT | Registration is not required for all ECTs. However, preschools are attached to schools and as such require registration as a condition of employment. |
| Qld | The Queensland College of Teachers does not require registration for ECTs in NQF settings. Some employers require teacher registration as a condition of employment. |
| SA | All ECTs must be registered, including those working in NQF settings. |
| Tas | Tasmanian kindergartens are part of Tasmanian schools and as such kindergarten teachers are required to hold teacher registration. Registration is not required for ECTs in NQF settings that are not kindergartens or schools. |
| Vic | All ECTs employed or engaged in the role of an ECT in an early childhood and care service or Victorian Children’s Centre must be registered. |
| WA | All ECTs must be registered. |

Source: ACECQA (nd); ACT Government (2023b).

#### Pathways for educators to ‘upskill’ to ECTs are important

Throughout this inquiry, the Commission has heard that there is a strong interest among many educators working in the sector to upskill their qualifications to become ECTs. Survey data also points to this interest – for example, a survey of 400 educators found that more than 80% had considered upskilling to become an ECT (Future Tracks 2019, p. 2).

Actual rates of upskilling are much lower. In 2021, about 7% of the ECEC workforce was undertaking study towards bachelor’s‑level (or higher) teaching qualifications. Rates were highest[[9]](#footnote-10) in OSHC settings, where about 13% of the workforce was studying teaching degrees (although it is likely that many – if not most – of those studying in OSHC were younger students who were working in OSHC on a casual or part‑time basis while completing a teaching degree). If just CBDC staff are examined, about 5% were studying teaching degrees, with more than two‑thirds upskilling from diploma‑level qualifications.[[10]](#footnote-11)

Educators face a range of barriers to upskilling. Survey data suggest that some of these barriers relate to mixed views and low awareness among educators about the value and opportunities that arise from an ECT role, and a lack of support from workplaces for staff to upskill. But there are also significant concerns with the upskilling *process*, including that:

* educators face challenges balancing study with their work and family commitments
* educators have concerns about attending university, including the cost, application processes, the academic support they will receive and uncertainty about how their prior VET qualifications and experience will be recognised (Future Tracks 2019, pp. 11–13).

Addressing these barriers is important for two key reasons.

First, it will help increase the supply of ECTs, by allowing more educators already in the sector to upskill. This is important given the expected increase in demand for ECTs as state and territories expand their preschool programs and the vital role that ECTs play in providing educational leadership in ECEC settings.

Second, the presence of clear, established and accessible pathways for educators to upskill to ECTs provides a visible career path for those working in the sector. This is something that the sector largely lacks, with career structures being described as ‘flat’, which encourages high performing educators to look beyond the ECEC sector (such as to schools) in order to build a career (Jackson 2020, p. 31).

It is likely that there are many educators who greatly enjoy or value working in the sector, and who have a range of skills and experiences that would help them be effective ECTs, but for whom a lack of a viable career pathway (that duly recognises their prior qualifications and experience) means that they would find it difficult to become an ECT even if they wished to do so. And it is not just existing educators who would benefit from more visible career pathways – clearer pathways would also make the sector more attractive to school leavers and workers in other industries who might be interested in working in ECEC, but who are discouraged to do so because of a lack of progression opportunities.

##### Making better use of accelerated early childhood teaching qualifications and recognition of prior learning

In order to minimise the barriers that educators face to upskilling to ECTs, it is important to ensure that the university pathways through which educators can earn a teaching qualification are efficient, not onerously long, and duly recognise both educators’ prior VET learning and the skills and experiences they have gained from working in the sector. In effect, there is a balance that needs to be struck – while early childhood teaching qualifications that are too short pose a risk that educators who are studying will not be exposed to important content in the depth required to be an effective ECT, on the other hand, protracted programs risk being unviable for educators, especially for those who may find it difficult to balance work, study and family commitments over extended timeframes. Longer courses also mean educators face higher costs to upskill and that they have less time to recoup these costs through higher wages.

In some jurisdictions, governments, universities and representatives from the ECEC sector have come together to develop qualifications specially designed to upskill diploma‑qualified educators. These include:

* the *Bachelor of Early Childhood Education (Birth to Five Years) (Accelerated)* program offered by the Australian Catholic University. This is a one‑and‑a‑half year program – delivered in partnership with the Victorian Government – open to educators working in an ECEC setting and who have a diploma in early childhood education and care. The course is delivered primarily online, supplemented with two‑day intensive symposiums each term and 80 placement days (ACU 2023a; Victorian Government 2023c)
* the *Accelerated Early Childhood Education* program offered by Deakin University. This is a one‑and‑a‑half year program open to eligible educators who hold a Diploma of Early Childhood Education and Care (or equivalent) and who are employed in a service that delivers (or intends to deliver) a funded kindergarten program in Victoria (Deakin University 2023; Victorian Government 2023c)
* the *Accelerated Bachelor of Early Childhood Teaching* offered by Victoria University. This program is two years long and is open to diploma‑qualified educators. The course is taught online after work so that educators can continue to be employed while studying, with one in‑person class per month (Victoria University 2023; Victorian Government 2023c)
* the *Early Years (Accelerated Pathway Program)* offered by the University of Wollongong and developed in partnership with the University, the Early Learning and Care Council of Australia and the NSW Government. The program is two years long and is open to educators who hold a diploma in Early Childhood Education and Care (or equivalent) and with at least two years’ experience (or equivalent) in an ECEC setting (UoW 2023).

Some universities also offer their own programs that aim to facilitate educators to upskill – seemingly developed independently of government – that are also ACECQA‑approved. One example is the *Bachelor of Education (Early Childhood Education and Care)* offered by the University of New England, where entry is based on completion of an ACECQA‑approved Diploma or Early Childhood Degree (UNE 2023). The program can be completed in one or two years if undertaken full time. Several universities also offer graduate diploma courses that are open to diploma‑qualified educators which allow them to access an ACECQA‑approved early childhood teaching qualification in a single year, including:

* the *Graduate Diploma in Early Childhood Teaching* offered by the University of Melbourne, which is open to educators who hold a diploma and have five years of relevant work experience in a leadership position. The program can be completed in one year if undertaken full‑time
* the *Graduate Diploma in Early Childhood Teaching* offered by Swinburne University of Technology, which is open to students with a graded diploma of Early Childhood Education and Care and a minimum of five years’ work experience in an ECEC setting with leadership responsibilities. The program can be completed in one year if undertaken full time.

Participants in this inquiry offered mixed views on the value of accelerated ECT programs with some noting their benefits in increasing the pool of qualified ECTs (for example, the Australian Childcare Alliance, sub. 150, p. 86; Paul Ramsay Foundation, sub. 148, p. 8). But a small number of participants were critical of these programs. For example, Professor Mary Katsikitis from Flinders University said:

in the Eastern States, there has been a policy focus prioritising increased supply of early childhood teacher graduates through accelerated programs. The accreditation of these programs has been made without evidence demonstrating the quality and graduate preparedness of its curriculum. These programs run high risk in jeopardising the effectiveness of ECTs and go against the research in this area. (sub. 99, p. 6)

The Commission recognises that there is a need to remain vigilant about the quality of accelerated programs (and the quality of teacher training generally). That said, universities face significant incentives to ensure that their accelerated programs are high‑quality and produce graduates who are equipped with the skills and experiences needed to succeed as ECTs.

One incentive relates to universities’ reputations. The reputation of any university that consistently produces ECTs who are not job ready or who lack necessary skills will be damaged in the eyes of employers and potential students. If this translates into lower enrolments, this has the potential to threaten the viability of their accelerated programs.

But potentially more significantly, universities have an incentive to ensure their programs are high quality because of the role ACECQA plays in approving qualifications for recognition under the NQF. For a qualification to be recognised under the NQF, it must be assessed and approved by ACECQA, something that occurs every five years under current arrangements (with reassessment required earlier if significant changes are enacted that affect the program or student outcomes). This is a powerful regulatory lever, given any course that is not approved by ACECQA would, in effect, mean that its graduates are not recognised as ECTs under the NQF and as such, the qualification would have little value.

Just how strong this incentive is hinges on how rigorous ACECQA’s assessment and approvals processes are. The Commission’s examination of the process used by ACECQA suggests that it is reasonably comprehensive – as part of the process, universities are required to provide a wide range of material, including curriculum mapping, course outlines, handbooks, course resources, assessment materials, information on entry requirements, evidence from course evaluations and information on the backgrounds of key staff involved in course development and delivery. ACECQA then uses these materials to assess the program’s curriculum across six teaching domains.[[11]](#footnote-12) Additionally, ACECQA considers the degree to which programs include content and supervised professional experience that is specifically relevant to the age groups covered in ECEC settings (ACECQA 2019a).

The Commission also heard relatively few concerns from participants about ACECQA’s approval processes and the quality of ECT graduates. This lack of comment too provides *prima facie* evidence that ACECQA’s approach to assessing and approving early childhood teaching qualifications is broadly effective.

The Commission considers that accelerated programs have an important role to play as governments and the sector seek to grow the number of ECTs. Accelerated programs help to address some of the barriers educators face when upskilling their qualifications by ensuring that their prior qualifications duly translate into reduced study time, and by reducing the financial and time commitments that educators face in order to undertake further study. And to the extent that concerns about the quality of these programs materialise, the Commission is confident they can be managed through ACECQA’s qualification assessment and approval processes.

But while accelerated programs are part of the solution, there is also the question of the role government should play in developing and funding them. As outlined above, some programs were designed in concert with state and territory governments, while others seem to have emerged independently. This suggests that government involvement in the design of accelerated programs might not be necessary in all cases, but at the same time, there is little harm in governments continuing to be involved in the design, development and promotion of accelerated programs if universities feel their contribution is value‑adding.

State and territory funding of these programs risks being more problematic. For at least one of the programs mentioned above – the *Bachelor of Early Childhood Education (Birth to Five Years) (Accelerated)* program offered by the Australian Catholic University – the Victorian Government funds all course fees (except a Students Amenities Fee) (ACU 2023b). This risks giving this program a competitive advantage over other similar programs and diverting students into this program when other programs may better suit their needs or aspirations.

To the extent that governments wish to financially support educators to upskill to teachers, measures that do not discriminate by program are preferable. This could include scholarships for eligible educators – something that some jurisdictions offer now – which educators can put towards their course fees if they so choose (box 3.10).

| Box 3.10 – Scholarships for educators to upskill |
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| Some jurisdictions offer (publicly funded) scholarships to support educators in the sector to upskill. For example:   * the ACT Government offers scholarships of up to $25,000 for educators working at non‑government and non‑school approved early childhood education and care (ECEC) services in the Territory to gain an approved early childhood degree qualification * the Victorian Government offers scholarships to support people to become an ECT which includes (but is not limited to) people already working in the sector. The value of support ranges from up to $12,000 to undertake a graduate diploma, up to $18,000 to undertake a master’s and up to $25,000 to undertake a bachelor’s degree * The NSW Government offers scholarships of up to $25,000 for ECEC teachers studying a bachelor’s or master’s degree in teaching with an early childhood education specification, and up to $15,000 for people undertaking a relevant graduate certificate or graduate diploma.   Source: ACT Government (2023a); NSW Government (2023b); Victorian Government (2021). |
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|  | Draft finding 3.2  Accelerated qualifications will help lift early childhood teacher numbers |
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| With demand for early childhood teachers (ECTs) set to remain high, accelerated pathways that allow diploma‑qualified educators to obtain an early childhood teaching qualification in a reduced time frame will have an important role to play in growing the pool of ECTs.  Such programs address some of the more significant barriers that diploma‑qualified educators face when upskilling their qualifications by ensuring that their prior qualifications translate into reduced study time, and by reducing the financial and time commitments that educators face in order to undertake further study. | |
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Finally, the Commission is mindful that accelerated programs are not the only way for educators to obtain the qualifications needed to become an ECT – some, for example, may prefer to undertake a three or four year teaching degree, particularly if they wish to leave open the option of teaching in a primary school. However, while some universities are explicit about the extent to which educators’ prior qualifications will be recognised as part of these longer programs,[[12]](#footnote-13) for many programs, the extent that prior ECEC qualifications will be recognised (in the form of course credits or reduced study time) is opaque. This is something that the Tertiary Education Quality and Standards Agency has also noted (not just related to ECEC but across universities in general).

TEQSA has identified a range of issues which can indicate potential problems in a provider’s approach to granting [recognition of prior learning] and credit. These include either poor or no information being provided to students about how to apply for credit, or their eligibility for credit with a provider, which can impact on a student’s decision making when comparing providers. (TEQSA 2023, p. 4)

To assist potential students to make informed choices that meet their needs and set them up for the greatest chance of success in their tertiary study, there would be benefits in universities publishing an indicative estimate of how prior ECEC qualifications will be recognised in their programs. This could take the form of a median or average amount of credit students with ECEC qualifications have received in the past.

##### Educators upskilling should be better supported

Providing pathways for educators to upskill to ECTs is of limited value if many educators do not feel comfortable or confident using them. For many educators, the prospect of completing a university program is likely to be daunting, particularly if it has been a long time since they last studied. University‑level ECEC qualifications also traditionally feature different teaching and assessment approaches to what educators might be more familiar with from their previous VET studies, with a greater focus on independent learning and academic literacy (Aitchison et al. 2006; Whitington et al. 2009).This unfamiliarity can translate not only into educators not taking up qualifications to become ECTs, but can also contribute to educators ‘dropping out’ of qualifications because of difficulty or frustration navigating the university environment.

It is difficult to be definitive about the extent to which educators do drop out of university programs, or their reasons for doing so. There is data to suggest that, while completion rates for international students have remained relatively steady, domestic students’ completion rates for early education teaching programs have been falling. For example:

* 66% of domestic students who commenced a bachelor’s‑level degree in early childhood teaching in 2005 had completed their degree within six years, compared with 44% of domestic students who commenced in 2016
* 72% of domestic students who commenced a post‑graduate degree in early childhood teaching in 2005 had completed their degree within four years, compared with just 56% of domestic students who commenced in 2018
* across both undergraduate and post‑graduate courses, 67% of domestic students who commenced an early childhood teaching degree in 2005 had completed it within six years, but in 2016, this was down to just 48% (DoE 2023a).

While the data is not granular enough to examine whether it is increases in drop out rates of educators who are upskilling that is driving this trend, the additional barriers faced by educators means it is likely that they constitute at least a reasonable proportion of those who do not complete their studies.

This points to the value of wrap around supports that assist educators who are studying to become ECTs to navigate their studies and to maximise their chances of completing their qualifications. Ideally, many of these supports will be provided by universities themselves, and some accelerated programs do have tailored supports attached to them. For example, as part of the *Early Years (Accelerated Pathway Program)* offered by the University of Wollongong, students are connected with a mentor from the sector to support them throughout their studies (UoW 2023).

However, these supports can be further augmented by programs delivered outside the university system. One example of this is the Front Project’s Upskill Program, which has been operating since 2019, and provides resources and mentoring to assist educators navigate university (box 3.11) (The Front Project 2023).

| Box 3.11 – The Front Project’s *Upskill* Program  The Front Project’s *Upskill* Program aims to support educators who want to undertake a Bachelor of Early Childhood Education in order to become ECTs. Through the program, educators have access to a range of ‘wrap around’ supports to help them undertake university study. These may include: support with enrolment; live webinars (including on topics such as transitioning to university, time management and assessment and referencing); group mentoring by an experienced ECT; access to online communities; and access to a resource library.  The Victorian Government has partnered with The Front Project to deliver free access to the program for up to 100 eligible diploma‑qualified educators. To be eligible, educators must be employed in a service that delivers (or intends to deliver) a funded kindergarten program in Victoria, and must intend to complete an approved bachelor’s degree in Early Childhood Education and work as an ECT in Victoria. Participants of certain innovative accelerated programs are not eligible for a Victorian Government supported place in the program.  Source: The Front Project (nda, ndb); Victorian Government (2023c). |
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The Commission can see merit in initiatives such as the Upskill program. Such programs directly target and alleviate some of the barriers that educators face when seeking to upskill to ECTs, meaning they are more likely to complete their studies and go on to become a qualified teacher.

At least in the near term, when demand for ECTs is set to remain strong – in part because of policy decisions by governments to expand preschool access – and many services are unable to find ECTs to meet this demand, governments should make expanded use of programs that provide wrap around supports for educators seeking to upskill to ECTs. This could include supports to assist students to navigate enrolment processes, assist with building basic academic literacy skills, provide resources for students, and most significantly, provide regular mentoring opportunities so that students can discuss their progress and receive guidance on any obstacles that may impede their studies. Such supports would augment other approaches governments are using to support educators to upskill – such as scholarships – and help governments get a bigger ‘bang for their buck’ from these investments.

Any actions by governments to develop or fund programs that provide wrap‑around supports need to be underpinned by arrangements to monitor and evaluate these programs’ effectiveness. At a minimum, such arrangements should ensure any resources that governments provide are used prudently and productively towards program goals. But monitoring and evaluation is also important because it provides an opportunity to understand what supports work and why, and what (if anything) should be done to improve the support provided to educators who are studying going forward.

|  | Draft finding 3.3  Completion rates for early childhood teaching qualifications have fallen |
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| Completion rates for domestic students who commenced early childhood teaching qualifications in the mid‑2010s are much lower than those for students who enrolled a decade earlier. Only 48% of domestic students who started an early childhood teaching degree in 2016 had graduated by the end of 2022.  It is likely that educators seeking to upskill constitute a reasonable proportion of those who do not complete their studies. This points to the value of wrap‑around supports to assist aspiring educators who are studying to become early childhood teachers. | |
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|  | Information request 3.3 |
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| The Commission is seeking views on the factors that have led to a decline in completion rates of early childhood teaching qualifications. | |
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##### Arrangements for students undertaking supervised professional experience should be improved

Supervised professional experience – also referred to as practicums or placements – is a mandatory part of most early childhood teaching qualifications and involves students learning or gaining experience from within an ECEC (or school) setting.

The Australian Institute for Teaching and School Leadership (AITSL) has described the purpose of supervised professional experience as providing:

structured opportunities for pre‑service teachers to consider and undertake in practice the work of teaching, to relate the practice to knowledge and understanding they are developing in their program, and to demonstrate a positive impact on student learning. It is above all else a period of workplace‑based learning. (AITSL 2015, p. 2)

It has also described placements as ‘opportunities for pre‑service teachers to develop, practise, demonstrate and understand the impact of their teaching skills in a range of settings with a range of learners’ (AITSL 2015, p. 3).

ACECQA requires at least 80 days of supervised experience for undergraduate and 60 days for postgraduate early childhood teaching qualifications (ACECQA 2023d, p. 4). Supervised professional experience is generally unpaid.

Inquiry participants identified the need for educators to undertake unpaid professional experience as part of their university qualifications as being a particularly significant barrier for educators seeking to become ECTs. For example, Early Childhood Australia said that the requirement for unpaid professional experience was problematic because:

many early childhood educators are working to support their own family while engaging in qualification attainment and cannot afford to have no income while completing placements. (sub. 154, p. 65)

Early Childhood Australia also noted that in regional and remote areas, the need for upskilling educators to often travel long distances and stay away from home to complete their supervised professional experience imposed additional challenges (sub. 154, p. 65).

Others commented on the impacts from a provider perspective, including the challenges of backfilling staff who were attending placements. The NSW Small Business Commissioner heard similar concerns as part of their stakeholder engagement with the sector.

Mandatory unpaid professional experience requirements of universities were criticised as deterring upskilling, as staff cannot afford to work unpaid for three months while forcing the original centre to hire casuals during work experience periods. Further concerns were raised about the potential for other centres to poach staff. (sub. 128, attachment, p. 20)

The Commission agrees that requirements to undertake unpaid professional experience are a significant barrier for many educators seeking to upskill. Requirements are likely to be especially prohibitive for educators who simply are not able to take weeks of unpaid leave from work to complete a practicum because they are an income‑earner for their family or have pre‑existing financial commitments that must be met.

There are initiatives underway to address some of the barriers to upskilling that are posed by supervised professional experience requirements. For example, in the 2023‑24 Budget, the Australian Government allocated nearly $33 million (over four years) to help services provide paid leave to educators who were undertaking a practicum as part of an early childhood teaching qualification (DoE 2023c, p. 7). This funding is expected to support up to 2,500 educators to complete their studies (DoE 2023c, p. 6). Similar initiatives exist at a state and territory level as well. For example, under the Australian Catholic University’s (ACU) *Bachelor of Early Childhood Education (Birth to Five Years) (Accelerated)* – designed in partnership with the Victorian Government – employers whose students are on placement receive payment to backfill their role, so that students can continue to receive their wage without needing to take leave (ACU 2023b). The South Australian Royal Commission identified support for paid placements as one initiative that could be funded under their proposed Early Childhood Workforce Fund (SA Government 2023, p. 19).

While it is too early to assess the effectiveness of these initiatives in depth, the fact that they allow educators to complete their professional experience requirements without having to forgo their earnings mean they do target one of the more significant barriers that educators face when upskilling to ECTs. There is value in such programs continuing, particularly in the context of the ongoing workforce challenges and policy initiatives from governments to expand preschool access (both of which are discussed above), again on the condition that they are complemented by monitoring and evaluation arrangements that allow for their longer‑term effectiveness to be assessed.

A further development is the potential for educators to undertake some of their professional experience in the services in which they work. For example, students completing the *Bachelor of Early Childhood Teaching* atVictoria University can undertake half their placements at their current workplace, while students studying the *Bachelor of Early Childhood Education (Birth to Five Years) (Accelerated)* at ACUcan complete 30 out of their required 80 placement days at their current workplace (ACU 2023b, Victoria University 2023).

The Commission considers this too to be a useful initiative that assists with lowering the barriers associated with undertaking placements. Allowing educators who are upskilling to ECTs to undertake part of their professional experience in their existing workplace is consistent with the fundamental purpose of professional experience outlined above – that is, it still allows students to undertake workplace learning and to practice what they have learned in an applied setting, and so long as there remains a requirement to complete some of the remainder of their professional experience in other settings, will expose students to a range of teaching environments. But allowing students to complete part of their ECT professional experience in their own workplace has the advantage of being less disruptive for educators, and if done early in their studies, provides them with the opportunity to ease into the practical components of their qualification program. ACECQA should examine the supervised professional experience that is required in order for an early childhood teaching qualification to be approved for the purposes of the National Quality Framework, with a view to extending the degree to which this experience can be fulfilled by students in their existing workplaces.

|  | Draft finding 3.4  Unpaid professional experience requirements are a barrier to upskilling |
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| The requirement to undertake supervised professional experience as part of teaching qualifications presents a significant barrier to some educators upskilling to become early childhood teachers, especially where this professional experience is unpaid. Many cannot afford to go without income while completing placements, and placements that involve travelling long distances and staying away from home create additional challenges for educators from remote and regional areas. | |

|  | Draft recommendation 3.1  Reduce barriers to educator upskilling |
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| To improve pathways for educators seeking to upskill to become early childhood teachers (ECTs), the Australian and state and territory governments should:   * work with universities and the ECEC sector to develop and promote accelerated degree programs for upskilling diploma‑qualified educators to ECTs * expand wrap‑around supports to educators who are undertaking university‑level qualifications to become ECTs. Supports could include assistance to navigate enrolment processes, assistance to build academic skills, and regular mentoring. These initiatives should be underpinned by robust monitoring and evaluation * provide financial support to ECEC services so they can provide a reasonable amount of paid leave to educators for them to complete supervised professional experience requirements associated with completing early childhood teaching qualifications.   In addition:   * when providing information on teaching courses to potential students, universities should publish an indication of how prior ECEC qualifications will be recognised. This could take the form of a median or average amount of credit that students with ECEC qualifications have received in the past * the Australian Children’s Education and Care Quality Authority (ACECQA) should examine the supervised professional experience that is required in order for an early childhood teaching qualification to be approved for the purposes of the National Quality Framework, with a view of extending the ability of students to fulfil such requirements in their existing workplaces. | |

#### Innovative Initial Teacher Education teaching models for ECTs should be encouraged

The ‘traditional’ approach to training ECTs requires students to enrol and attend a university and complete their studies in a largely academic environment (notwithstanding professional placement requirements). This approach is well established and suits a wide range of students. But this need not be the only way to gain an early childhood teaching qualification. The Commission considers that there is merit in universities exploring other, more innovative approaches for training ECTs that, while still upholding the high standards expected of ECTs, provide alternate pathways to qualification that may better meet the needs of some students or some services. This case for exploring innovative teaching models is especially strong at the moment, when demand for ECTs is high and when increasing the supply of ECTs is essential if the policy commitments of governments are to be implemented effectively.

However, there are barriers to adopting innovative and novel approaches to teaching ECTs.

One barrier is that implementing new and novel approaches unavoidably involves a degree of risk. For example, in testing new models, it can be difficult for universities to gauge *ex ante* the level of interest from students in the new approach and the costs and challenges associated with delivering it. These unknowns act as a source of inertia, encouraging universities to stick with their established (and less risky) approaches.

One way to overcome this inertia is to share risk across parties. When it comes to universities trialling innovative teaching models for ECTs, the Commission considers that there is a reasonable case that some of the risk should be shared with governments, given governments’ policies and initiatives have a large impact on the demand for ECTs.

The report of the Teacher Education Expert Panel identified that ‘modest financial incentives for higher education providers making genuine and successful efforts to improve the quality of their [Initial Teacher Education] programs is a low risk‑option to encourage improved quality’ and recommended that Education Ministers invest in these (Australian Government 2023f, pp. 52–53). The Commission too, has previously pointed to the value of modest financial incentives in encouraging universities to undertake more teacher‑focussed research (PC 2023a, p. 113).

The Commission believes that supporting universities to trial innovative teaching models for ECTs is another instance where a modest financial contribution from governments would be beneficial. Even if such models turn out to not be viable or do not result in more ECT graduates, there are still benefits from knowing what does not work and why. And if innovative models do work, there are public benefits that will be realised from more children having access to a qualified ECT.

|  | Draft finding 3.5  Innovative pathways could lift enrolments in early childhood teaching qualifications |
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| The conventional approach to training early childhood teachers suits a wide range of students. But innovative approaches that provide alternative pathways to qualification might work better for others. Risks in trialling new approaches can discourage universities from experimenting. | |
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A second barrier to implementing innovative teaching models for ECTs is the need for any early childhood teaching qualifications to be approved by ACECQA in order to be recognised under the NQF. ACECQA’s existing approach for approving qualifications – which is largely centred around assessing the content of academic programs – may not be suitable for assessing and approving more novel approaches which do not follow this structure. This points to a need for governments and universities to work with ACECQA to ensure that there are clear approval pathways for early childhood teaching qualifications that are awarded through innovative teaching approaches and graduates can practice as ECTs.

Without wishing to limit the range of teaching models that could be considered, the Commission is of the view that there are two approaches that particularly warrant further exploration. These are:

* models that make greater use of *in situ* or on‑site teaching, where relatively more teaching or assessment is done in ECEC settings and relatively less done in real or virtual classrooms in academic settings. For example, this could involve a teacher travelling to an ECEC service to teach or assess a small group of students on‑site, which some students might find more familiar and less confronting than if teaching or assessment was done completely in an academic setting
* degree apprenticeship models that combine work and study. Such models, for example, are common in the United Kingdom where apprentices spend most of their week at work (earning pay and holding the same rights as other employees), but also spend at least 20% of their time in off‑the job study or training (Hubble and Bolton 2019; Office for Students (UK) 2018). This approach might be particularly attractive to students (including school leavers) who have a desire to earn and learn at the same time.

|  | Draft recommendation 3.2  Support innovative delivery of teaching qualifications |
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| Governments should provide modest financial incentives to universities to facilitate trials of innovative approaches for providing Initial Teacher Education to early childhood teachers.  The Australian Children’s Education and Care Quality Authority (ACECQA) should work with governments and universities to develop pathways for early childhood teaching qualifications that are awarded through innovative teaching approaches to be recognised under the National Quality Framework. | |
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#### Teacher registration arrangements for ECTs can be improved

As discussed above, in some jurisdictions, as well as holding an ACECQA‑approved qualification, ECTs are required to be registered with their relevant state or territory teaching authority. Depending on the approach used by jurisdictions, ECTs may be included in the same register as primary and secondary teachers or be registered under a separate division (ESA 2018, p. 24).

Teacher registration requirements serve several functions, including building and upholding the professional standards and standing of teachers (box 3.12). Registration can also place obligations on teachers. For example, in Victoria, where ECTs are required to be registered, ECTs who hold full registration are required to complete an annual registration process and, as part of this, are obliged to undertake at least 20 days of professional practice and 20 hours of professional learning per year (VIT 2023a, 2023c, 2023b).

There have been calls for ECTs to be incorporated into teacher registration arrangements for some time. In 2011, for example, the Commission recommended that ‘governments should support teachers working in ECEC settings to obtain professional registration on the same basis of those working in primary schools’ (PC 2011, recommendation 10.9). More recently, in 2018, a review into teacher registration requirements also recommended that all ECTs should be required to register with teaching authorities, noting that:

including all early childhood teachers in registration requirements will support the continued professionalisation of the early childhood teacher workforce, particularly through engagement with the Teacher Standards. It will also support recognition of the early childhood sector as an integral part of the Australian education landscape (ESA 2018, p. 27).

Progress, however, has been mixed. The current situation is a mishmash of varying requirements across jurisdictions, as summarised by G8 Education.

There are differing approaches between States to teacher registration/accreditation. In NSW, VIC, SA, and WA ECT registration/accreditation is mandatory, whereas in QLD it is only available for those teachers who hold a birth‑8 or a birth‑12 years qualification and work with 4‑year‑old children. Birth‑8 years and birth‑12‑years teaching qualifications are recognised across all states and birth‑5‑years qualification is only officially recognised in NSW and Victoria (sub. 68, p. 5).

| Box 3.12 – The purposes of teacher registration |
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| A review of professional teacher registration in 2018 identified three main purposes of teacher registration.  The first related to teacher professionalism. The review said:  Teacher registration provides certainty to employers and the community that every teacher has undertaken a prescribed level of training and professional learning, creates an obligation in the teaching profession to uphold the standards of their profession … [and] contributes to the integrity of the profession by conferring a moral weight and a sense of common purpose that governs the behaviour of individuals who identify as a teacher. (pp. 2–3)  The second related to teacher quality. The review said:  Teacher registration is a unifying mechanism to ensure a certain level of quality is consistently met by all teachers across the course of their career, in collaboration with their peers and employer. (p. 3)  And the third reason related to children’s safety. The review said:  Teacher regulatory authorities ensure the safety of teachers they register by enforcing suitability and character standards … Once registered and throughout the duration of their career, teacher regulatory authorities can impose sanctions or withdraw a teacher’s registration if they do not meet the required standards of personal and professional behaviour. (p. 3)  Source: ESA (2018). |
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One of the actions governments have committed to under the National Children’s Education and Care Workforce Strategy (*Shaping our Future*) is to implement ECT registration in every state and territory (action FA1‑2). The first step associated with this action – a review of jurisdiction‑specific requirements to enable the registration of all ECTs, including those working in non‑school settings – is to be completed by the end of 2024 (ESA 2022b, p. 15).

A range of inquiry participants pointed to the value of teacher registration to improve the recognition of ECTs and their connection to their profession (for example, the Creche & Kindergarten Association (sub. 155, p. 12); AITSL (sub. 86, pp. 2–3); G8 Education (sub. 68, p. 5)).

The Commission accepts that there is considerable benefit in establishing mandatory teacher registration requirements for all ECTs, regardless of the early childhood setting in which they work. As articulated by inquiry participants, teacher registration is a means to promote the professional recognition of the sector. But it has other benefits – it can also be a way for ECTs to access development opportunities and connect them to peers and mentors. And critically, teacher registration can also help to cement career paths for ECTs, given that it is through registration frameworks that teachers can seek to be certified as highly accomplished and lead teachers (HALT) in jurisdictions that maintain the classification. HALT certification serves three functions:

* it recognises and promotes quality teaching
* it provides an opportunity for teachers to reflect on their practice
* it provides a reliable indication of quality teaching that can be used to identify, recognise and/or reward Highly Accomplished and Lead Teachers (AITSL 2017).

While the Commission has previously noted that the number of completed HALT certifications is relatively low (PC 2022b, p. 184), ensuring that it is a viable option for ECTs to pursue (should they want to, and should they meet the requirements) would improve the attractiveness of the sector to work in. (It would also eliminate one of the disparities between the ECEC sector and the schools sector that may be prompting teachers to seek a career in the latter rather than the former.) Ensuring ECTs are effectively incorporated into teacher registration arrangements is the first step in facilitating greater access for ECTs to HALT certification.

Inconsistency in the early childhood teaching qualifications that teacher registration bodies are willing to accept is one barrier to making better use of teacher registration arrangements. For example, in some jurisdictions, an individual must have completed a four‑year education degree (or equivalent) in order to be registered as a teacher. In other jurisdictions, an early childhood teaching qualification that has been assessed and approved by ACECQA is sufficient for teacher registration. This includes many three‑year programs that have a specific focus on teaching younger (0–5 year‑old) children.

Some universities submitted that the current teacher registration requirements operating in some jurisdictions – including the requirement for four‑year degrees – was contributing to the content of degrees having a dominant focus on the teaching of primary school age children. For example, Dr Susie Raymond, Professor Anne‑Marie Morgan and Professor Shane Dawson from the University of South Australia submitted:

[Initial Teacher Education] is currently a four‑year degree program. This requirement reflects AITSL accreditation for birth – 8 early childhood education degrees. Graduates from the four‑year early childhood program are therefore able to gain employment in both prior‑to‑school contexts and Foundation to year 2 in primary school contexts. (sub. 39, p. 4)

They went on to say that within such a program, roughly 70% of content related to primary school curriculum, with the remaining 30% focussed specifically on children aged 0–5 years (p. 5). They argued that a three‑year degree – that focusses on content relating to teaching 0–5 year‑old children – be recognised for registration (p. 6). Professor Mary Katsikitis from Flinders University also called for recognition of degrees focussing on teaching children aged 0–5 years (sub. 99, p. 4).

Inconsistent registration requirements have real impacts on both the sector and its workforce. In jurisdictions with more restrictive registration requirements, services are denied a source of ECTs – even when graduates with similar qualifications have been accredited by ACECQA to work as ECTs (and are registered as teachers) in other jurisdictions. And ECTs whose qualifications are not recognised cannot teach. Professor Mary Katsikitis from Flinders University suggested this is happening in South Australia.

In South Australia, there is a current supply of Early Childhood teachers with birth‑5 teaching qualifications that cannot register to teach and subsequently work in SA … graduates holding a birth‑to‑5 early childhood teaching degree cannot be registered as teachers in South Australia, even when they have registration in another state. (sub. 99, p. 4)

|  | Draft finding 3.6  Inter‑jurisdictional differences in teacher registration impose unnecessary workforce barriers |
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| Teacher registration offers considerable benefits for early childhood teachers (ECTs) in the form of professional recognition, development opportunities and access to networks of peers and mentors.  Inconsistent teacher registration requirements for ECTs across jurisdictions are problematic. They limit the work opportunities for ECTs who move across jurisdictions, to the detriment of their careers, and reduce the number of ECTs that are available to services to employ. | |
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The Commission is of the view that holding any ECT‑level qualification that has been approved by ACECQA for the purposes of meeting the requirements of the National Quality Framework should be sufficient to warrant registration as a teacher in all jurisdictions. It is difficult to comprehend why an ECT degree program offered by a university and scrutinised by ACECQA and deemed to be of sufficient quality for graduates to teach children in ECEC settings, is deemed to be unsuitable for teacher registration because it fails to meet the pre‑set prescriptive requirements. It is equally difficult to comprehend why an ECT from one jurisdiction with a degree that ACECQA has approved, has existing teacher registration and potentially has many years of practice as an ECT, would be denied registration were they to move to another jurisdiction.

But in addition to addressing these disparities, ensuring that ACECQA‑approved degrees are sufficient for the purposes of teacher registration has other advantages. It ensures that the benefits conferred by teacher registration (as outlined above) are open to all ECTs. And in some jurisdictions, such as those that do not recognise three‑year, undergraduate teaching degrees that enable graduates to teach children aged 0–5 years, it may open new and potentially quicker pathways for prospective ECTs to gain their qualification – something that is desirable when demand for ECTs is expected to remain strong. (Shorter pathways also help to reduce some of the barriers educators face when upskilling to become ECTs.)

When making a similar recommendation to amend teacher registration arrangements in South Australia, the South Australian Royal Commission into Early Childhood Education and Care noted there were concerns among some sector stakeholders that allowing shorter degrees to qualify for teacher registration could erode the professional standing of ECTs. The Royal Commission’s view was that:

the length of the degree is not a determinative factor in the professional standing [of ECTs], in the public’s eyes, or pay and conditions. (SA Government 2023, p. 150)

The Commission agrees with this assessment. It is also worth noting that employers would remain free to choose ECTs with qualifications that suit their needs and values – for example, a service could still aim to employ only teachers with a four‑year teaching degree if it considered it essential or desirable to have a teacher with that qualification.

In sum, the Commission recommends that state and territory governments amend their teacher registration arrangements so that:

* ECTs working in NQF‑approved ECEC settings are required to be registered with the teacher registration body in their jurisdiction
* any ECT‑level degree that has been approved by ACECQA to be recognised under the NQF is sufficient for meeting qualification requirements associated with teacher registration.

In implementing this recommendation, the Commission also considers two complementary actions are necessary.

First, state and territory governments should review their teacher registration arrangements to ensure that there is an accessible pathway for ECTs with an ACECQA‑approved qualification to teach in primary school (after they undertake any additional study deemed necessary that focusses on the pedagogy and curriculum relevant to primary school teaching) if they so choose. This will provide a degree of flexibility for ECTs to move between the ECEC and schools sectors as their circumstances change.

Second, state and territory governments should review their arrangements concerning HALT certification (if maintained in their jurisdiction) and act on opportunities to make it more accessible for ECTs. As part of reviewing these arrangements, governments should issue guidance on the eligibility of ECTs for HALT certification, the process through which ECTs can seek certification (including in non‑government operated ECEC settings), and the implications for ECTs if certification is achieved.

|  | Draft recommendation 3.3  Improve registration arrangements for early childhood teachers |
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| State and territory governments should amend their teacher registration arrangements so that:   * early childhood teachers (ECTs) working in National Quality Framework‑approved ECEC settings can be registered with the teacher registration body in their jurisdiction * any ECT‑level qualification that has been approved by the Australian Children’s Education and Care Quality Authority (ACECQA) for recognition under the National Quality Framework should be automatically recognised as meeting qualification requirements associated with teacher registration.   In undertaking these actions, state and territory governments should also:   * review their teacher registration arrangements to ensure that there are accessible pathways for ECTs with an ACECQA‑approved qualification to teach in primary school (including after they undertake additional study focussing on teaching in primary school settings) * review their arrangements concerning highly accomplished and lead teachers (HALT) certification (in relevant jurisdictions) and act on opportunities to make it more accessible for ECTs. As part of reviewing these arrangements, governments should issue guidance on the eligibility of ECTs for HALT certification, the process through which ECTs can seek HALT certification (including in non‑government operated ECEC settings), and the implications for ECTs if certification is achieved. | |
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### More can be done to better support and mentor new ECTs

The importance of ensuring ECTs – and especially relatively new ECTs – have access to effective support and mentoring networks is difficult to overstate. When examining mentoring arrangements for teachers in primary and secondary schools, the Commission recently observed:

once teachers graduate and enter the classroom, induction and mentoring is key, particularly during the first three to five years of their career. Access to these supports can improve teaching quality and help new teachers to stay in the workforce. (PC 2022b, p. 178)

The importance of support and mentoring arrangements is arguably even more heightened for teachers working in ECEC settings. Unlike in schools – where a newly graduated teacher might have access to a formal induction program and work closely with many experienced teachers – ECTs working in ECEC may potentially be the only degree‑qualified person within their service. They may be expected to work independently and show leadership on complicated educational or management matters from very early in their careers, often with limited direct assistance. As was observed in the National Children’s Education and Care Workforce Strategy *(Shaping our Future)*:

there are often high expectations from service providers for newly graduated early childhood teachers to ‘hit the ground running’. This is in contrast to the far more structured and supported program of induction and mentoring often available in the school sector. Newly graduated early childhood teachers can also often find themselves in senior positions within a long day care service, planning and developing curriculum for large numbers of children, and dealing with families around complex service management issues, sometimes without sufficient support. (ESA 2021, p. 33)

The importance of effective mentoring and support networks was also highlighted by inquiry participants. For example, the Australian Education Research Organisation (AERO) said:

evidence suggests that supports such as mentoring and induction can improve practice and enhance collaboration and connection across the sector. Ensuring that educators and teachers have access to mentoring and induction – especially at key transition points in their career – may help to improve issues related to retention, professional identity and career progression. (sub. 137, p. 2)

Ensuring ECTs receive sufficient mentoring and support is particularly important because it is often ECTs who provide educational, pedological and sometimes management leadership for others employed in a service. This means that providing ECTs with good quality mentoring and support can provide a solid foundation for ECTs to support others in the service, which can help to maintain or improve service quality and support staff retention more broadly. Better mentoring and support arrangements in schools is also a ‘pull factor’ that might persuade some new teachers to choose to work in schools over ECEC settings.

While some ECTs working for large providers – who may employ many ECTs across their services – may have access to ‘in‑house’ mentoring and support offered by their employer, access is much less likely for those working in smaller, independent or regional services (and it is often ECTs working in these types of services who are the most isolated and have the greatest need for support).

There is some evidence to suggest that governments recognise the value and importance of providing mentoring and support for new ECTs. Enhancing mentoring and induction support for new teachers is one of the action items outlined in the National Children’s Education and Care Workforce Strategy *(Shaping our Future)* (action FA1‑3). As a first step towards this action, AERO has been tasked with undertaking a review of existing supports and their relative effectiveness, as well as completing a literature review of mentoring and induction support (due by the end of 2023) (ESA 2022b, p. 16). And some governments already have a range of initiatives underway. For example:

* the Victorian Government provides funding (of just over $2,800 per teacher) to services to support ECTs to move from provisional to full registration. Among other things, this funding can be used to provide paid time release for an ECT and mentor to work with each other (Victorian Government 2023b), with ECTs who are unable to find a mentor able to access one through Gowrie Victoria. Additionally, the Victorian Government funds a range of supports for ECTs in their first five years of practice, including individualised coaching for ECTs and communities of practice for ECTs in their second to fifth year of teaching (Victorian Government 2023e)
* South Australia offers an Early Career Teacher Development program, which provides graduate teachers with a site‑based mentor to support them to make the transition from a graduate to a proficient teacher (as set out by the Australian Professional Standards for Teachers) (ESA 2022a, p. 4).

A mentoring program for new ECTs was also operated in New South Wales in the past (Centre for Research in Early Childhood Education, sub. 21, p. 15; NSW Department of Education (2021)).

While the Commission has not evaluated the efficacy of these individual programs, in the broad, the Commission considers the determination by some governments to develop and maintain mentoring programs for new ECTs to be commendable. Jurisdictions that do not offer mentoring and support programs for new ECTs should do so, drawing on the research on the effectiveness of existing support programs that AERO is undertaking.

|  | Draft recommendation 3.4  Lift support and mentoring for new early childhood teachers |
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| State and territory governments should develop structured mentoring and support programs for new early childhood teachers if they do not already have these in place. In developing these programs, state and territory governments should reflect the findings of the research underway by the Australian Education Research Organisation (AERO) on the effectiveness of existing support programs.  Jurisdictions that already operate programs to support and mentor new ECTs should review their programs to incorporate the findings from AERO’s research once this is finalised. | |
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### Aboriginal and Torres Strait Islander people should be better supported to obtain ECEC qualifications – and their cultural knowledge recognised

Aboriginal and Torres Strait Islander educators and teachers are a vital part of the ECEC workforce. In 2021, about 3% of the ECEC workforce were Aboriginal or Torres Strait Islander people, but this varied markedly by location – in remote and very remote areas, Aboriginal and Torres Strait Islander educators and teachers made up more than a quarter of all ECEC staff (SRC 2022, p. 34).

In addition to comprising an important share of the ECEC workforce, Aboriginal and Torres Strait Islander educators and teachers bring their own cultural experiences, perspectives, knowledges, languages and ways of teaching and learning to the sector. These are valuable assets that enrich the ECEC workforce and the education and care the sector provides.

Inquiry participants identified a wide range of benefits that Aboriginal and Torres Strait Islander staff bring to the sector, including improved cultural safety and responsiveness in services (cultural safety is discussed more in paper 2) and greater ECEC participation from Indigenous families in services with Aboriginal and Torres Strait Islander staff. Participants also noted that services with Aboriginal and Torres Strait Islander staff often have better relationships with Aboriginal and Torres Strait Islander families and a better understanding of their particular circumstances (Community Connections Solutions Australia, sub. 105, p. 18; SNAICC sub. 133, p. 10; National Aboriginal Community Controlled Health Organisation, sub. 151, p. 11; National Indigenous Australians Agency, sub 152, p. 6).

Drawing on academic studies (Locke 2022; Webb 2022), SNAICC also identified the important role that Aboriginal and Torres Strait Islander educators and teachers play in fostering cultural identity and strength in Aboriginal and Torres Strait Islander children.

The presence of Aboriginal and Torres Strait Islander educators and staff who share a cultural schema (i.e. a framework for making sense of their world) with children, fosters relatedness and supports the development of identify and cultural pride in Aboriginal children (Webb, 2022). To that end, Aboriginal and Torres Strait Islander educators and staff must be recognised and employed to promote the inclusion of their knowledge and perspectives in both Western‑based and [Aboriginal Community Controlled Organisation] led ECEC (Locke, 2022). The combined impact of this is increased engagement in ECEC services by the entire family and ultimately Aboriginal and Torres Strait Islander children who are resilient and strong in their culture. (sub. 133, p. 7)

Some inquiry participants noted that the benefits of attracting more Aboriginal and Torres Strait Islander educators and teachers were magnified in regional and remote communities – where a disproportionately large share of local families may identify as Aboriginal and Torres Strait Islander and where services might otherwise find it difficult to find staff. It was also noted that the ECEC sector might provide Aboriginal and Torres Strait Islander people living in regional and remote areas with an opportunity to work in their community and/or on Country (which can be especially valuable if there are relatively few other employment options available).

Over the course of the inquiry, the Commission has heard that many Aboriginal and Torres Strait Islander people have a strong interest in working in the sector. However, there are a range of barriers that limit Aboriginal and Torres Strait Islander peoples’ participation in the ECEC workforce. Some of these barriers are common to the ECEC workforce as a whole, such as relatively low pay. But some barriers more specifically impact on Aboriginal and Torres Strait Islander people. In particular, participants highlighted barriers accessing the training and qualifications needed to work in the sector, including:

* a lack of local VET or university providers – particularly for Aboriginal and Torres Strait Islander people living in regional or remote areas and a lack of willingness or capacity on behalf of training providers to teach on Country or in Indigenous communities. Consequently, Aboriginal and Torres Strait Islander people are often expected to travel to a training provider and spend significant time away from their home in order to obtain their qualification. This can involve long periods of travel and be expensive. And even when there are training options relatively nearby, they can be under‑resourced or under‑staffed (Binarri‑binyja yarrawoo Aboriginal Corporation , sub. 85 pp. 8–9; Northern Territory Government, sub. 157, attachment, p. 12; National Aboriginal Community Controlled Health Organisation, sub. 151, pp. 11–12)
* a lack of training options that are culturally safe or appropriate for Aboriginal and Torres Strait Islander students. Training providers might also lack flexibility around how content is taught and how assessment is undertaken (including the language in which teaching and assessment occurs), which reduces accessibility for Aboriginal and Torres Strait Islander people (SNAICC; sub 133, p. 10; National Aboriginal Community Controlled Health Organisation, sub. 151, p. 11). Training providers may also be unwilling or unable to accommodate the cultural needs of Aboriginal and Torres Strait Islander people – such as the need for (potentially prolonged) time away from study to meet family or ceremonial commitments
* an unwillingness or inability of training providers to recognise the existing – and often extensive – cultural knowledge and experience that many Aboriginal and Torres Strait Islander people have when it comes to educating and caring for children (Northern Territory Government, sub. 157, attachment, p. 10).

As part of the National Agreement on Closing the Gap, the Coalition of Aboriginal and Torres Strait Islander Peak Organisations, the Australian Government, states and territory governments and the Australian Local Government Association have agreed to develop a series of Sector Strengthening Plans. These plans aim to identify sets of measures to build the Aboriginal and Torres Strait Islander community‑controlled sector across a range of policy areas. In December 2021, a Sector Strengthening Plan for the Early Childhood Care and Development sector was agreed to.

Among other objectives, the Plan aims to:

* increase the Aboriginal and Torres Strait Islander ECEC workforce
* increase relevant qualifications and skills of the Aboriginal and Torres Strait Islander workforce, alongside professional recognition of cultural knowledge, skills and relationships.

The Plan also identifies some key actions ‘for further consideration and development’ that aspire to grow the Aboriginal and Torres Strait Islander workforce, including by improving access to ECEC training. Box 3.13 contains a subset of these actions.

In its recent draft report on the *Review of the National Agreement on Closing the Gap*, the Commission examined Sector Strengthening Plans across all sectors where they are in place, and observed that key information, including on resourcing, timelines and accountability, is often lacking.

Many actions are defined only at a high level, often without concrete timeframes, responsibilities, and resourcing. Very few of the actions across four existing [Sector Strengthening Plans] specify who is accountable for the actions in any detail beyond listing ‘all jurisdictions’. Similarly, few actions specify either resources or timeframes for completion. Without clarity about what needs to be done by whom and when, it is difficult to track progress and maintain accountability for the actions to be implemented … Without clear accountabilities, resources and timeframes, there is a risk that these actions will not be completed. At this stage, accountability mechanisms do not appear to be strong enough to ensure the implementation of [Sector Strengthening Plan] actions. (PC 2023b, pp. 36–37)

These observations ring true for the actions aimed at growing the Aboriginal and Torres Strait Islander ECEC workforce outlined in the Early Childhood Care and Development Sector Strengthening Plan. For most of these actions, responsibility has been broadly allocated to ‘all governments and sector representatives’, and the resourcing to undertake the actions deemed to be ‘existing or to be determined by the parties’. Consequently, while the Plan does identify a range of actions to grow the ECEC workforce, there remains ambiguity about how they will be implemented, by whom, and how they will be held to account to ensure the actions are implemented effectively.

| Box 3.13 – Selected key actions of the Early Childhood Care and Development Sector Strengthening Plan |
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| Action A2 – Support Aboriginal and Torres Strait Islander career development through secondary school career engagement, preparation of the workforce, on the job staff development, mentoring, career development and progression  Support career development through secondary school career engagement, preparation of the workforce, on the job staff development, mentoring, career development and progression. This could include:   * scholarships for the Aboriginal and Torres Strait Islander ECEC workforce to undertake further study, including tertiary and graduate studies * enabling access to professional development programs or on‑the‑job training for Aboriginal and Torres Strait Islander ECEC staff focused on realising the potential of individuals * building leadership skills – access to initiatives which actively identify Aboriginal and Torres Strait Islander staff to build leadership skills and progress into leadership positions * leveraging existing government schooling and tertiary support programs, scholarships and subsidies * increasing completion rates.   Action A3 – Support for tertiary qualification pathway programs for Aboriginal and Torres Strait Islander early educators in line with promising practice  This could involve strategic partnerships between the community‑controlled sector, universities and/or training providers to support Aboriginal and Torres Strait Islander students to enter and progress through tertiary education. Could also include support for rural and remote locations. Initiatives to consider and reflect the broad identified features of promising and successful programs, which include:   * strengths‑based approach * the combination of on‑country, online, and on‑campus tuition * residential programs * support to meet entry requirements * local mentors and/or study groups * face‑to‑face visits from lecturers/trainers * financial support for study costs, including food, accommodation, and transport * close involvement of academic staff specialising in Aboriginal and Torres Strait Islander education.   Action A5 – Support, develop and resource community‑based workforce development initiatives led by Aboriginal and Torres Strait Islander early childhood education and care services  There are a range of promising local programs led by community‑controlled services to mentor and support career progression and higher‑level qualifications for local Aboriginal and Torres Strait Islander community members working in early childhood centres. Limited government programs and resources are available to support community‑based workforce development initiatives like these. Consideration of resource needs could include backfill for educators to devote time to mentoring and developing staff, backfill for staff participating in higher education programs, and on‑site technology for staff engaging in remote learning.  Source: Joint Council on Closing the Gap (2021). |
|  |

Governments have already taken some actions (seemingly consistent with the Sector Strengthening Plan) to grow the Aboriginal and Torres Strait Islander workforce. For example, most jurisdictions have scholarship programs in place that provide financial support to Aboriginal and Torres Strait Islander people to undertake initial teacher education (although relatively few of these scholarships are targeted at ECEC‑specific qualifications). [[13]](#footnote-14) And at least one jurisdiction (Victoria), offers scholarships for Aboriginal and Torres Strait Islander people to undertake VET‑level ECEC qualifications too (Victorian Government 2021, pp. 1–2). There are initiatives that go beyond financial support as well – for example, the Northern Territory Government has initiatives underway to provide targeted support in some communities (such as Tennant Creek and Galiwin’ku) to assist local Aboriginal women and students to obtain a Certificate III in Early Childhood Education and Care (ESA 2022a, p. 7).

But the Commission is of the view that more can be done to assist Aboriginal and Torres Strait Islander people to get the necessary qualifications to work in ECEC.

In particular, in recognition of the benefits that would arise from having more Aboriginal and Torres Strait Islander ECEC workers, and the substantial barriers many Aboriginal and Torres Strait Islanders face accessing ECEC training, governments should trial bespoke pathways for Aboriginal and Torres Strait Islander people to complete ECEC‑relevant qualifications. These pathways should be designed in collaboration with Aboriginal and Torres Strait Islander people, communities and organisations, and as such, the Commission does not want to be too prescriptive about the forms they should take. Nevertheless, the Commission is of the view that, in forming these pathways, a central aim should be to recognise the existing cultural knowledge that many Aboriginal and Torres Strait Islander people have when it comes to educating and caring for children. In designing these approaches, governments should particularly consider ways to change how prior learning is recognised, how teaching and assessment is undertaken, and how learning supports are provided in order to address some of the barriers Aboriginal and Torres Strait Islander people face when completing ECEC qualifications.

However, increasing the number of Aboriginal and Torres Strait Islander people with ECEC‑relevant qualifications alone may not be enough to increase their participation in the ECEC workforce – Aboriginal and Torres Strait Islander educators and teachers with relevant qualifications may still not wish to work in the sector if they feel it is unable to meet their cultural needs or that it is not culturally safe. For example, Binarri‑binyja yarrawoo Aboriginal Corporation said:

workplaces need to [be] mindful of staff’s cultural needs as well. If staff do not feel supported in practicing their culture, or that they are excluded because of their culture, they may choose to leave. One example is that in Aboriginal culture, family and cultural commitments are taken very seriously. It is not uncommon for people to unexpectedly be unavailable for long periods of time due to family commitments, which can leave a centre unexpectedly short staffed. (sub. 85, p. 9)

Another challenge that Aboriginal and Torres Strait Islander teachers and educators may face when working in the sector is an expectation that they single‑handedly carry the responsibility of ensuring a service is culturally competent, safe and responsive, when in fact this responsibility should be shared across all staff in a service (PC 2022b, p. 224).

Just as services should provide an environment that is culturally safe and responsive for Aboriginal and Torres Strait Islander children and families (paper 2), so should services ensure a safe, supportive and responsive working environment for their Aboriginal and Torres Strait Islander staff as well.

|  | Draft recommendation 3.5  Improve pathways and support for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications |
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| In collaboration with Aboriginal and Torres Strait Islander people, communities and organisations, governments should trial and evaluate new pathways for Aboriginal and Torres Strait Islander people to obtain ECEC qualifications so they can participate in the ECEC workforce in greater numbers.  A central aim of these new pathways should be to better recognise the cultural knowledge and experience many Aboriginal and Torres Strait Islander people have when it comes to educating and caring for children.  In designing these pathways, governments should consider:   * using different approaches – such as culturally appropriate interviews – to better understand the prior knowledge, learning and experience of Aboriginal and Torres Strait Islander people, and to inform decisions about the extent that this can be recognised in the form of course credit (or other ways of recognising prior learning) * using teaching assessment models that – while still ensuring rigour – might be more accessible or culturally appropriate for Aboriginal and Torres Strait Islander students, such as teaching in local languages or making greater use of observational assessments * providing tailored, small group or one‑on‑one supports to Aboriginal and Torres Strait Islander students. | |
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## Professional development arrangements to support the ECEC workforce

Professional development helps to ensure that ECEC staff remain up‑to‑date with the latest research about how children learn, grow and develop and provides them with opportunities to maintain, improve or broaden their skills and knowledge. As Siraj et al. stated:

Continuing [professional development] fills the gaps in knowledge and skills that are often apparent in practice after initial training, and it keeps educators up‑to‑date with research into best practice. This is particularly important in ECEC, where there is a growing body of research into ‘what works’ and still some unresolved debates. (Siraj et al. 2016, p. 20)

Access to professional development for the ECEC workforce is important on several levels. It helps the workforce to provide high‑quality and stimulating education and care for children that reflects the latest pedagogy – something that families are likely to value. Professional development is also valued by workers, who might view a willingness from their employer to invest in their professional development as a signal that their work is valued, and who benefit from the role that professional development can play in solidifying career pathways. Staff are also likely to value opportunities to develop their own knowledge and skills and incorporate these into their practice. And services can benefit from professional development as well, to the extent that it helps them to offer high quality ECEC to families or leads to reduced employee turnover.

But there are also likely public benefits that arise from the ECEC workforce’s professional development. Professional development that leads to a higher quality service, or that allows services to provide more inclusive ECEC to more children, can be expected to help further unlock the community benefits – including improved developmental outcomes in children – that can arise through ECEC.

The 2021 ECEC Workforce Census indicates that most ECEC workers have access to at least someprofessional development opportunities, with three‑quarters of paid contact staff participating in some form of professional development in the 12 months prior to the ECEC Workforce Census being undertaken. This professional development focussed on a variety of topics, including on strengthening pedagogy or practice and promoting inclusion (figure 3.19).

Figure 3.19 – The ECEC workforce undertakes a range of personal development training

Share of paid contact ECEC staff who have undertaken personal development in the 12 months prior to the 2021 ECEC Workforce Census, by topic of training

Figure 3.19 – This is a bar chart that shows that share of paid contact ECEC staff who have undertaken personal development in 2021 by topic of training. It shows that the ECEC staff undertake a wide range of development training, such as training to strengthen pedagogy or practice, practice and promote inclusion and on other topics. 

Source: SRC (2022).

However, it is difficult to be definitive about the nature of much of the professional development that the ECEC workforce has undertaken, given that, by far, the largest category of professional development captured in the ECEC Workforce Census related to ‘other relevant training courses’. It is possible that some of the responses in this category relate to mandatory training (such as training related to first aid or child protection), which – while essential – are focussed more on meeting safety requirements rather than professional development per se.

While the ECEC Workforce Census results suggest the take‑up of professional development opportunities is relatively widespread, the Commission has heard that the ECEC workforce still faces several significant barriers to accessing professional development, namely difficulty getting time off work and the cost of professional development activities (Connect.Ed Trauma-Informed Education and Care, sub. 104, p. 15; B4 Early Years Coalition Tasmania, sub. 55 p. 6; Salvation Army, sub. 56, p. 24; brief comment 34). These experiences are also supported by academic research – for example, a 2021 evaluation of the Inclusion Support Program found that educators ‘largely [had] to allocate their own time and resources’ to purchase and undertake inclusion training. (Bray et al. 2021, p. 168).

|  | Draft finding 3.7  The ECEC workforce faces barriers to professional development |
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| Take‑up of professional development opportunities by the ECEC workforce is relatively widespread. But the workforce still faces several significant barriers to accessing professional development, including difficulty getting time off work and the cost of professional development activities. Costs to employers of backfilling positions while staff undertake professional development can also be an impediment. Some governments have begun to provide support to overcome these barriers. | |
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Since July 2023, the Australian Government has funded a Professional Development Subsidy to assist ECEC staff to undertake ‘mandatory or highly recommended training’ (box 3.14). Some states and territories have also developed (or are in the process of developing) their own initiatives – for example, the NSW Government has flagged that it will create a $10 million Professional Development Fund that is ‘expected to provide free, high‑quality, universally accessible professional development opportunities to teachers and educators in ECEC, regardless of their qualification’ (NSW Government 2023c), while in Queensland, services that receive funding through the ‘Kindy uplift’ program are able to put this towards backfill to enable educators to undertake certain professional development activities (Queensland Government 2023a).[[14]](#footnote-15)

As discussed above, there is likely to be public benefit arising from ECEC staff undertaking professional development activities. This suggests that there is a case for a degree of public support for the ongoing professional development of the ECEC workforce. However, reflecting the fact that professional development also benefits employers, this public contribution need not cover all costs associated with professional development. Rather, the broad goal of any public support should be to encourage and facilitate the ECEC workforce to undertake professional development by reducing some of the more prohibitive barriers that prevent it from taking place, rather than funding it entirely.

And in supporting professional development, governments should target their contributions towards activities where the potential public benefits are larger, namely professional development that will improve the quality and inclusivity of ECEC practices. Given this objective, prospective areas for professional development support include activities that improve the capability of staff to:

* remain up to date with the latest pedagogical research and how to apply this in their teaching
* understand and apply the National Quality Standard and the nationally approved learning frameworks
* deliver inclusive ECEC, including for:
  + children living with disability, developmental delay or additional needs. The Commission heard from a range of inquiry participants who suggested it is common for many ECEC workers to lack all the necessary skills, confidence or knowledge to fully include children living with disability, developmental delay or additional needs (for example, Special Teaching and Research (STaR), sub. 87, p. 7; Community Connections Solutions Australia, sub. 105, p. 17)
  + children who have experienced trauma, which was also identified by inquiry participants as an important area where professional development was needed (for example, the Alannah and Madeline Foundation, sub. 53, p. 4; the Salvation Army, sub. 56, p. 24; Connect.Ed Trauma-Informed Education and Care, sub. 104, p. 15)
  + Aboriginal and Torres Strait Islander children, particularly children attending mainstream (that is, not Aboriginal and Torres Strait Islander community‑controlled) services. Several Aboriginal and Tores Strait Islander organisations noted a lack of cultural safety and capability in mainstream services (for example, SNAICC, sub. 133, p. 17; National Aboriginal Community Controlled Health Organisation, sub. 151, p. 6). While building the cultural safety and capability of services will require actions beyond the professional development of staff alone, professional development is nevertheless one step that services can consider to improve their capacity to provide effective ECEC for Aboriginal and Torres Strait Islander children. (Cultural safety in ECEC services and the role of Aboriginal Community Controlled Organisations is further discussed in papers 2 and 7).

| Box 3.14 – The Professional Development Subsidy |
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| The Professional Development Subsidy is an initiative of the Australian Government to improve early childhood education and care (ECEC) staff’s access to professional development. The program aims to improve the skills and training of ECEC staff and upskill the ECEC workforce by building its supply and capacity through professional development training opportunities.  Under the initiative, the Australian Government provides services with a subsidy that can be used to:   * supplement the cost of backfilling while staff engage in mandatory or highly‑recommended training * pay staff a supplement for training undertaken outside of work hours.   The subsidy covers two days (up to 15.2 hours) of training. Examples of training that the subsidy can be used for include: first aid; asthma and allergies management; centre and complaints management; child protection and mandatory reporting requirements; food handling and hygiene; adult‑child relationship development and management; and other safety‑related training. The subsidy can also be used to participate in a mentoring or leadership program delivered by a registered training organisation.  $34 million has been allocated to the program over four years, of which $13 million has been allocated for 2023‑24. In 2023‑24, only services and staff in regional, remote and very remote locations, and First Nations services and educators have access to the subsidy, although access will be expanded in future years. The program is demand driven, meaning funding may be exhausted before applications formally close.  Source: DoE (2023c; 2023d). |
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|  | Draft recommendation 3.6  Contribute to professional development for the ECEC workforce |
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| The Australian and state and territory governments should provide support for the ECEC workforce to undertake professional development activities. This should take the form of a contribution towards the cost of professional development.  Government contributions to professional development should be targeted toward activities that will improve the quality and inclusivity of ECEC practices, including activities that build staff capability to:   * remain up to date with the latest pedagogical research and how to apply this in their teaching * understand and apply the National Quality Standard and the national approved learning frameworks * deliver more inclusive ECEC, including for children with disability, developmental delay or additional needs, children who have experienced trauma and Aboriginal and Torres Strait Islander children, particularly those attending in mainstream settings * work with families – including families in complex or challenging situations – to engage with and participate in ECEC. | |
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## Migration settings to support the ECEC workforce

### There were more migrants working in ECEC in 2021 than in 2016

Migrants are an increasingly large part of the ECEC workforce. The number of migrant educators increased from about 37,000 to 57,500 between 2016 and 2021, increasing migrants’ share of the ECEC workforce from about 21% to 28%. And migrants were more prevalent in some service types – nearly half of FDC educators and 31% of CBDC educators were migrants in 2021.[[15]](#footnote-16)

While the overall number of migrants increased, 75% of all migrants working in ECEC were permanent in both 2016 and 2021. And a similar proportion of both permanent and temporary migrants were working as CBDC educators, OSHC educators and centre managers in 2021. However, there were some differences – 8% of permanent migrants working in ECEC were FDC educators compared with 3% of temporary migrants, while 17% of temporary migrants were ECTs compared with 10% of permanent migrants.

Many migrants in the ECEC workforce in 2021 were previously in another industry or were out of the workforce entirely. Despite the 55% increase in migrants working in ECEC between 2016 and 2021, 83% of the migrants working in ECEC in 2021 were in Australia before 2016. This was partly a result of COVID‑19 – migrants working in ECEC in 2021 were ten times as likely to have arrived in one of the three years before the pandemic compared with one of the two years post‑pandemic. As such, it was not so much new migrants who contributed to the growth in migrants working in the sector from 2016 to 2021, but migrants who had already been in Australia for quite some time.

The visa arrangements of migrants working in the sector vary. Nearly half of permanent migrants working in ECEC in 2021 were on a family or humanitarian visa without work obligations. And more than half of temporary migrant educators were either New Zealand citizens allowed to stay indefinitely in Australia or on a bridging visa waiting for their substantive visa to be granted or renewed.

However, there were still a significant number of migrant educators on skilled and student visas with stricter requirements. 42% of migrant ECEC staff were on skilled visas requiring work, and 27% of temporary migrant educators were on student visas. ECEC sector feedback indicated that recent policy changes affecting employment rules and requirements for these visas could make recruiting migrant staff more difficult. These policy changes are explored below.

### Skilled visa arrangements will affect the workforce

#### Migrants must work in certain occupations – and be paid a certain income – in order to be eligible for a skilled visa

Both temporary and permanent migrants can enter the ECEC workforce on a skilled visa, but only if they are nominated for ECEC roles that are on skilled occupation lists (table 3.2). Presently, ‘Child Care Manager’ and ‘Early Childhood Teacher’ are both on the Medium and Long‑term Strategic Skills List, while ‘Child Care Worker (group leader)’ is on the Regional Occupation List. Under current arrangements, ‘Child Care Workers’ who are not group leaders cannot qualify for a skilled visa to enter and work in Australia, but are eligible for other work and study visas.

Table 3.2 – Skilled visas are restricted to higher‑skilled ECEC rolesa

Work and study visas by ECEC role

|  | Manager | Teacher | Group Leader | Worker |
| --- | --- | --- | --- | --- |
| *Skilled visas* |  |  |  |  |
| Employer Nomination Scheme (186) | 🗸 | 🗸 | ✗ | ✗ |
| Regional Sponsor Migration Scheme (187) | 🗸 | 🗸 | 🗸 | ✗ |
| Skilled Independent (189) | 🗸 | 🗸 | ✗ | ✗ |
| Skilled Nominated (190) | 🗸 | 🗸 | ✗ | ✗ |
| Permanent Residence (Skilled regional) (191)a | 🗸 | 🗸 | 🗸 | 🗸 |
| Training (407) | 🗸 | 🗸 | ✗ | ✗ |
| Temporary Skill Shortage (482) | 🗸 | 🗸 | ✗ | ✗ |
| Temporary Graduate (485) | 🗸 | 🗸 | ✗ | ✗ |
| Skilled Regional (Provisional) (489) | 🗸 | 🗸 | ✗ | ✗ |
| Skilled Work Regional (Provisional) (491) | 🗸 | 🗸 | ✗ | ✗ |
| Skilled Sponsored Regional (Provisional) (494) | 🗸 | 🗸 | 🗸 | ✗ |
| *Other work and study visas* |  |  |  |  |
| Temporary Work (International Relations) (403) | 🗸 | 🗸 | 🗸 | 🗸 |
| Temporary Activity (408) | 🗸 | 🗸 | 🗸 | 🗸 |
| Working Holiday (417) | 🗸 | 🗸 | 🗸 | 🗸 |
| Work and Holiday (462) | 🗸 | 🗸 | 🗸 | 🗸 |
| Student visa (500) | 🗸 | 🗸 | 🗸 | 🗸 |

**a.** The Permanent Residence (Skilled regional) Class 191 visa is available to all occupations including Child Care Worker, but migrants are unable to enter Australia on this visa.

Source: Australian Government Department of Home Affairs (2023a).

#### Migrants may need to be offered a sufficient income to get a skilled visa

To nominate migrants for skilled visas, employers may be required to offer them an income that is above a specified income threshold (table 3.3). Where this applies, this income threshold is either the annual market salary rate (AMSR) or the Temporary Skilled Migration Income Threshold (TSMIT) – whichever value is higher.

The AMSR is the salary that an Australian worker could expect to be paid if they took the job being offered to the migrant. The AMSR is determined by the employer but must be approved by the Australian Government to ensure that the applicable visas are not being used to undercut the prevailing rates of pay in the Australian labour market (box 3.15). If the AMSR for any given role is below the TSMIT, the employer will instead have to offer employees a salary at or above the TSMIT to be able to nominate a potential migrant for a skilled visa.[[16]](#footnote-17)

Table 3.3 – Employers have to pay migrants a sufficient income for some visas

Income requirements for ECEC skilled visas

| *Skilled visas* | *Income requirement* |
| --- | --- |
| Employer Nomination Scheme (186) | 🗸 |
| Regional Sponsor Migration Scheme (187) | 🗸 |
| Skilled Independent (189) | ✗ |
| Skilled Nominated (190) | ✗ |
| Permanent Residence (Skilled regional) (191) | ✗ |
| Training (407) | ✗ |
| Temporary Skill Shortage (482) | 🗸 |
| Temporary Graduate (485) | ✗ |
| Skilled Regional (Provisional) (489) | ✗ |
| Skilled Work Regional (Provisional) (491) | ✗ |
| Skilled Sponsored Regional (Provisional) (494) | 🗸 |

Source: Australian Government Department of Home Affairs (2023b).

| Box 3.15 Determining the annual market salary rate |
| --- |
| Employers need to determine annual market salary rate (AMSR) for employees earning less than $250,000 by looking at:   * what an equivalent Australian worker is paid * enterprise agreements or industrial awards * job outlook information * advertisements for the last six months in the same location * remuneration survey or advice from unions or employer associations.   When there is an equivalent Australian worker  The AMSR is what employers are paying this equivalent worker.  If the worker’s salary is based on an enterprise agreement or industrial award, employers provide:   * the name of the agreement or award as recorded by the Fair Work Commission, where applicable, * the salary level or occupation group that applies to the nomination.   If there is no relevant agreement or award, or the employer is paying its Australian employees above the award rate, they must provide:   * copies of relevant employment contracts and * pay slips for this employee.   When there is no equivalent worker but there is an enterprise agreement or industrial award  Employers must provide:   * the name of the agreement or award as recorded by the Fair Work Commission, where applicable, * the salary level or occupation group that applies to the nomination.   **When there is no equivalent worker, agreement or award**  Employers must determine and then show the Australian Government what the AMSR is.  Employers must show how they used relevant information to determine what they will pay the equivalent worker. Relevant information can include:   * job outlook information based on the Australian Government’s labour insights page * advertisements from the last six months for equivalent positions in the same location * remuneration surveys completed by a reputable organisation * written advice from unions or employer associations.   Source: Australian Government Department of Home Affairs (2023b). |
|  |

The Australian Government has recently increased the TSMIT from $53,900 (for applications made on or before 30 June 2023) to $70,000 (for applications made on or after 1 July 2023) (Home Affairs 2023b). This increase followed a holistic review of Australia’s migration system, which recommended increasing the TSMIT because it had not been increased since 2013 and was therefore failing to achieve its objectives (Parkinson et al. 2023, pp. 8, 78–79).

#### Australia’s migration policies limit employment of skilled migrants in ECEC

The policy settings around skilled migration restrict the extent that the ECEC sector can employ skilled migrants, including in response to workforce challenges. As mentioned above, skill lists restrict lower‑skilled ECEC staff from many skilled visas. And for migrants that are eligible under a skill list, the recent changes to the TSMIT will make it more expensive for the ECEC sector to recruit them. Only 28% of migrant ECTs working in 2021 would meet the new $70,000 TSMIT, compared with 57% before the change. [[17]](#footnote-18)

While the impact of current skilled migration settings adversely affects the ability for ECEC services to recruit migrants, the Commission notes that requirements around skilled migration are in place to achieve broader policy objectives. Restricting skilled migration to occupations on the skilled occupation list was intended to attract skilled migrants who will make a particularly strong contribution to the economy (Parkinson et al. 2023, p. 51). And the TSMIT change will help to protect migrant workers from underpayment while protecting local workers from international competition (Parkinson et al. 2023, p. 78).

Noting these broader objectives, the Commission does not consider it appropriate to recommend any general exemptions or alterations specifically for the ECEC sector.

#### There are frameworks in place if governments determine a more tailored approach is needed

##### Designated area migration agreements could be used in regional and remote areas

Inquiry participants have told the Commission that attracting ECEC educators to regional areas can be particularly challenging.[[18]](#footnote-19) And the Northern Territory Government (sub. 157 attachment A, p. 11) has said that providers in regional and remote areas rely heavily on skilled migrants to meet workforce needs. But there is not strong evidence for this as ECEC services in regional and remote areas employ about as many migrants as other sectors.[[19]](#footnote-20)

To the extent that governments consider different migration policy settings in regional and remote areas necessary, designated area migration agreements (DAMAs) should be part of the solution. A DAMA is a two‑tiered formal agreement between the Australian Government and a regional, state or territory authority covering a defined regional area.[[20]](#footnote-21) They can provide exceptions to visa requirements for that area, and generally make it easier for employers in the area, including ECEC providers, to employ migrant workers (Home Affairs 2023b).

There are 12 DAMAs currently in place, but inquiry participants have made note of three with arrangements that are particularly important for ECEC.

* The East Kimberley DAMA has complemented local employment and training initiatives and served as a further tool to address the East Kimberley’s workforce shortages; the first on‑the‑ground worker sourced through this scheme is working in the ECEC sector (Regional Development Australia Kimberley, sub. 1, p. 8).
* Regional Development Australia approved One Tree as eligible for the Pilbara DAMA, enabling early education and care workers to be nominated for skilled migration (One Tree Community Services, sub. 121, p. 43).
* The Northern Territory’s DAMA is currently under negotiation, allowing for concessional arrangements to some standard criteria like English language and age requirements, and includes a 10% concession to the TSMIT. But even with the reduction in the threshold to $63,000, critical occupations such as ECEC educators are likely to be excluded from the DAMA (Northern Territory Government, sub. 157 attachment, p. 11).

##### A broader labour agreement for ECEC could also be considered

Some inquiry participants have called for an ECEC sector migration plan that recognises ECEC educators as priority occupations in Australia’s migration program (Goodstart Early Learning sub. 125 p. 55). And the recent migration review suggested that ‘there may be a role … for the use of a sector or industry‑based tripartite Labour Agreement model for lower paid occupations that includes enhanced protections’ (Parkinson et al. 2023, p. 85).

Labour agreements enable approved businesses to sponsor skilled overseas workers when there is a demonstrated need that cannot be met in the Australian labour market and where standard temporary or permanent visa programs are not available. They are negotiated between the Australian Government and employers, are generally in effect for five years and provide for visas to be granted under one or more of the following visa programs:

* Employer Nomination Scheme (186)
* Temporary Skill Shortage (482)
* Skilled Employer Sponsored Regional (Provisional) (494) (Home Affairs 2023b).

An example of such an agreement is the Aged Care Industry Labour Agreement, which was negotiated between three aged care unions and the Australian Government and could be accessed by aged care employers from May 2023. The employers must enter into a memorandum of understanding with the relevant unions to access the Labour Agreement. And for applicable visas, employers will have access to several concessions, including:

* streamlined visa nomination and priority visa application processing
* no post‑qualification work experience requirement
* English language concessions for workers with relevant community language skills.

Under the agreement, migrants must be paid an annual salary of at least $51,222 or the AMSR, whichever is higher (Home Affairs 2023c).

The Aged Care Industry Labour Agreement could provide a framework for implementing a similar agreement for the ECEC sector, if an ECEC sector‑wide approach to migration was sought by the Australian Government, providers and relevant unions.

### Student visa arrangements

About 27% of temporary migrant educators are on student visas, and there have been recent changes to the maximum hours they can work. On 1 July 2023, the Australian Government reintroduced a cap on the hours that international students can work that was initially relaxed in January 2022 due to workforce shortages (Australian Government 2023g). However, aged care sector workers on a student visa are exempt from this cap until 2024, and some inquiry participants proposed that a similar exemption be implemented for the ECEC sector (Early Learning and Care Council of Australia sub. 153 p. 17, Goodstart Early Learning sub. 125 p. 7). However, the Commission notes that the decision to provide this extension for the aged care sector formed part of a broader suite of aged care policies, including a 15% pay increase for certain occupations in the sector and the introduction of the Aged Care Industry Labour Agreement (DHAC 2023; Home Affairs 2023c). Given the policy intent of the cap is to allow students to focus on their studies, governments should employ other policy levers to grow the pipeline of ECEC staff (with many of these levers already discussed in the paper) before considering exemptions to student visa arrangements for the sector.

## Making the most of the National Children’s Education and Care Workforce Strategy

As outlined in box 3.4 (above), Australian, state and territory governments, in collaboration with key sector participants, have developed a 10‑year, National Children’s Education and Care Workforce Strategy *(Shaping our Future)* (the strategy) for the ECEC workforce. This strategy serves an important function – it provides a shared vision across governments and outlines a list of collective actions governments will pursue to grow and develop the ECEC workforce (at a time when government action is needed).

But a national workforce strategy is also important because different governments face different incentives to grow and develop different parts of the ECEC workforce. For example, state and territory governments – who are primarily responsible for funding (and in some jurisdictions, delivering) preschool – have strong incentives to focus on the staffing needs of preschool services within their jurisdiction, but little incentive to consider the workforce beyond those who work in preschool or workforce needs at a national level. And as outlined above, the different functions of governments in the ECEC sector – as the sector’s primary funder and regulator, and also a significant employer, can also give rise to complex and potentially different incentives.

Further, the policy levers available to influence the future ECEC workforce – including its size, composition and quality – are also spread across multiple levels of government. For example, policy settings around migration and industrial relations are within the purview of the Australian Government, while other important policy settings – including those around VET qualifications and teacher registration – are largely within the control of states. And some other policy settings – such as support for professional development – can be influenced by both the Australian and state and territory governments.

If designed well and followed by governments, the strategy can be a document that unifies governments’ actions to grow and develop the ECEC workforce, even in the face of the different incentives each government faces and the different policy instruments they have at their disposal. But if the strategy is to fulfil this function, it needs to be well supported by governments and key stakeholders, it needs to remain relevant as circumstances change and it needs to be clear about who is responsible for what actions and how these actions will be implemented. And importantly, there needs to be accountability measures in place that ensure that governments follow through on the actions that they have signed up to as part of the strategy.

In its current form, the strategy has several features that are commendable. For example:

* as discussed in section 3.3, there appears to be a significant degree of buy‑in from the sector for the strategy’s implementation. This may be – in part – because key sector participants were involved in the strategy’s design and will be kept up to date on implementation progress through the strategy’s reporting arrangements
* there is some transparency about how the strategy will be implemented. The strategy’s Implementation and Evaluation Plan (ESA 2022b) outlines how progress against each focus area and action in the strategy will be tracked. Further, ACECQA has been tasked with publicly reporting on the strategy’s implementation (with the first update published in July 2023) (ACECQA 2023h). With this public reporting comes an element of accountability on governments to follow through on the actions they have agreed to in the strategy
* the strategy has pre‑established (biennial) review points that provide an opportunity to more formally consider how actions are progressing, whether actions remain contemporary and whether actions need to change in response to developments in the sector (ESA 2021, p. 61).

That said, the Commission considers that there is scope for the strategy to be improved.

At a high level, there would be benefit in a clearer articulation of what the strategy is aiming to achieve. While the strategy does provide an ‘overarching vision’ for the ECEC workforce, there is no clear and measurable objective against which the strategy’s effectiveness can be assessed and measured. The strategy would also benefit from a clearer articulation of the future workforce needs of the sector – including projections of the number of educators and teachers the sector is expected to require in the short, medium and longer terms. Such information is important – it provides a yardstick to assess whether the actions set out in the strategy are sufficient to help the sector meet its future workforce needs and scale up (or down) their level of ambition accordingly. Future iterations of the strategy should include these components.

The Commission also considers that more detail is needed on how the strategy will be resourced. At present, there is a lack of clarity about how actions underway have been funded or how funding for the strategy will continue in the future. This is problematic, given strategies can live or die by the resourcing attached to them – clarity about where funding will come from will provide a degree of certainty to stakeholders that governments are serious about the strategy’s implementation (while also providing a degree of accountability on governments to ensure the strategy has enough resources to implement it effectively).

Further, accountability under the strategy can be improved. While governments have implemented a range of initiatives that aspire to grow and develop the ECEC workforce – some of which have been referred to in this paper, others are detailed in ACECQA’s reporting on the strategy as ‘complementary initiatives’ (ACECQA 2023c) – the nexus between some of these initiatives and the strategy is unclear. This is not to say that many of these initiatives are necessarily inconsistent with the strategy, but rather that it is not clear how (if at all) they were influenced by the strategy or if they are deliberately designed to deliver on the strategy’s actions. And there are some examples of tensions between the initiatives undertaken by some jurisdictions and those undertaken by others – a notable instance being some states and territories offering financial incentives to encourage ECTs working in other jurisdictions to move, potentially undermining their own attempts to grow their ECEC workforce (alternatively, jurisdictions may shy away from attempts to grow their own ECEC workforce if they fear that there is a risk that staff in their jurisdiction might be ‘poached’).

To improve accountability for the strategy’s implementation, and to better ensure the strategy drives the actions of governments to grow and develop the ECEC workforce, the Australian Government and each state and territory Government should commit to individually producing annual updates that outline how the actions and reforms that theyare undertaking contribute to the strategy’s implementation. These should be published alongside the broader assessment of whether the strategy’s implementation is on track, which is currently undertaken through ACECQA’s implementation tracker.

Finally, the Commission is also cognisant that the strategy’s broader context is changing. For example, the strategy predates many major government policy initiatives, including the introduction of the Cheaper Child Care package by the Australian Government, and several state and territory government initiatives to expand families’ access to preschool. Further, as discussed above, a sector strengthening plan for the Early Childhood Care and Development Sector has been agreed to, and work is underway to develop both a National Care and Support Economy Strategy and a National Vision for Early Childhood Education and Care, which are likely to articulate additional objectives, outcomes and goals for the ECEC workforce.[[21]](#footnote-22) The operating environment of the strategy may change again depending on the actions of governments in response to this inquiry, once it is finalised.

The Monitoring and Evaluation Plan for the strategy suggests that the strategy will be reviewed in late‑2023, 2025, 2027 and 2029 and the actions amended ‘as appropriate, particularly in response to emerging priorities’ (ESA 2021, p. 61). It is important that governments seize these opportunities to update the strategy in light of changes in the policy landscape and emerging challenges and opportunities for the sector, else risk the strategy becoming outdated or irrelevant.

|  | Draft recommendation 3.7  Improve the ECEC Workforce Strategy |
| --- | --- |
| To maximise the value of the National Children’s Education and Care Workforce Strategy (*Shaping our Future*), the Australian, state and territory governments should:   * articulate a clear objective for the strategy against which its effectiveness can be measured * include projections of the number of educators and teachers the sector is expected to require (over different timeframes) in the strategy * clarify how each action in the strategy will be resourced * commit to individually producing annual updates about how the actions, initiatives and reforms they are undertaking are contributing to the strategy’s implementation. These updates should be published alongside the broader assessment of progress in implementing the Strategy published by the Australian Children’s Education and Care Quality Authority (ACECQA). | |
|  | |

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1. Of the (over 1,200) occupations that recorded 100 or more workers in the 2021 Census of Population and Housing, family day care workers ranked 4th highest in terms of the share of the occupation that are women, while educators (recorded as ‘child care workers’) ranked 13th, child care managers ranked 31st and out of school hours care workers ranked 130th (Productivity Commission estimates based on ABS (*Tablebuilder, Census of Population and Housing, 2021).* [↑](#footnote-ref-2)
2. ACECQA also noted that whether a degree is classified as an ‘early childhood’ teaching degree or a ‘primary’ teaching degree for the purposes of reporting is ultimately determined by universities, and therefore there is some variation in how degrees are treated. That said, as a general rule, ACECQA noted that birth to 5 and birth to 8 focussed programs are classified as ‘early childhood’ teaching degrees while birth to 12 programs are typically, however not exclusively, classified as ‘primary’ teaching degrees. [↑](#footnote-ref-3)
3. These eligible agreements are the Victorian Early Childhood Teachers’ and Educators’ Agreement (VECTA), the Early Education Employees Agreement (EEEA) or another agreement that is equivalent to these. Services operating under an eligible agreement receive a per child contribution of $4130, compared to $3831 if they do not have an eligible agreement in place (both rates are higher for services operating in rural areas), along with other sources of funding (Victorian Government 2023d). [↑](#footnote-ref-4)
4. The ACCC categorised ‘large providers’ as operating 40 or more services, ‘medium providers’ operating 5-39 services and ‘small providers’ as operating 1-4 services (ACCC 2023, pp. 5–6). [↑](#footnote-ref-5)
5. These unions are the United Workers Union, the Australian Education Union – Victorian Branch, and the Independent Education Union of Australia. [↑](#footnote-ref-6)
6. These occupations were: aged and disabled carers, nursing support and personal care workers, and welfare support workers. The wage increased modelled was a permanent 10% increase relative to other occupations. The impacts are smaller if this 10% increase in relative wages is not held constant (for example, if other sectors also increased their wages to attract and retain staff). [↑](#footnote-ref-7)
7. For example, consider a family receiving a subsidy of 80% of the hourly rate cap who is attending a service with hourly fees equal to the cap. If the cap was initially $10, the family would have out‑of‑pocket expenses of $2 per hour. If the cap was increased to $11, and the service increased fees to that level, the family’s out‑of‑pocket expenses would rise to $2.20 an hour. [↑](#footnote-ref-8)
8. In 2022, there were also about 30,000 enrolments in the previous iteration of this diploma program (CHC50113). [↑](#footnote-ref-9)
9. Excluding vacation care. [↑](#footnote-ref-10)
10. Productivity Commission estimates based on 2021 National Workforce Census data (SRC 2022). [↑](#footnote-ref-11)
11. These domains are: psychology and child development; teaching pedagogies; early childhood professional practice; history and philosophy of early childhood; family and community contexts; and education and curriculum studies. Each domain has several subcomponents (ACECQA 2019a). [↑](#footnote-ref-12)
12. For example, the Queensland University of Technology identifies that holders of an early childhood diploma can complete their four year *Bachelor of Education (Early Childhood)* program in two-and-a-half years (QUT 2023). [↑](#footnote-ref-13)
13. For example, Aboriginal and Torres Strait Islander Early Childhood Education Scholarships in New South Wales, Early Childhood Aboriginal Pathway Scholarships in Victoria, Aboriginal Teacher Education Scholarships in the Northern Territory, Pearl Duncan Teaching Scholarships in Queensland, and Amy Levai Aboriginal Teaching Scholarships in South Australia (NSW Government 2023a, 2023d; Victorian Government 2023a; Northern Territory Government 2023; Department for Education (SA) 2023; Queensland Government 2023b). [↑](#footnote-ref-14)
14. The Kindy Uplift program funds programs, resources, supports and professional development for eligible kindergartens (including community kindergartens and long day care services). Eligible kindergartens have been pre-selected by the Queensland Government ‘based on characteristics predictive of educational need and where additional funding can provide the greatest opportunity to improve learning and development outcomes for children’ (Queensland Government 2023a). [↑](#footnote-ref-15)
15. Commission estimates based on ABS (2021, 2016) Microdata: Australian Census and Migrants Integrated Dataset, Australian Census and Temporary Entrants Integrated Dataset, accessed 30 October 2023. The results of these studies are based, in part, on data supplied to the ABS under the Taxation Administration Act 1953, A New Tax System (Australian Business Number) Act 1999, Australian Border Force Act 2015, Social Security (Administration) Act 1999, A New Tax System (Family Assistance) (Administration) Act 1999, Paid Parental Leave Act 2010 and/or the Student Assistance Act 1973. Such data may only used for the purpose of administering the Census and Statistics Act 1905 or performance of functions of the ABS as set out in section 6 of the Australian Bureau of Statistics Act 1975. No individual information collected under the Census and Statistics Act 1905 is provided back to custodians for administrative or regulatory purposes. Any discussion of data limitations or weaknesses is in the context of using the data for statistical purposes and is not related to the ability of the data to support the Australian Taxation Office, Australian Business Register, Department of Social Services and/or Department of Home Affairs’ core operational requirements. Legislative requirements to ensure privacy and secrecy of these data have been followed. For access to MADIP and/or BLADE data under Section 16A of the ABS Act 1975 or enabled by section 15 of the Census and Statistics (Information Release and Access) Determination 2018, source data are de-identified and so data about specific individuals has not been viewed in conducting this analysis. In accordance with the Census and Statistics Act 1905, results have been treated where necessary to ensure that they are not likely to enable identification of a particular person or organisation. The number of migrants is likely understated because the Australian Census and Migrant Integrated Dataset does not have data for migrants that arrived prior to 1 January 2000. These figures underestimate the total proportion of migrants in ECEC because the migrant data exclude nannies while the population data include them. But the difference is immaterial – the data is available for the 2021 Census, and excluding nannies from ECEC staff in the population increases the proportion of migrants in the ECEC workforce from 28% to 29%. [↑](#footnote-ref-16)
16. The TSMIT does not include non-monetary benefits such as accommodation or a car. Employers must pay such benefits in addition to the TSMIT. [↑](#footnote-ref-17)
17. ABS (2021) Microdata: Australian Census and Migrants Integrated Dataset, Australian Census and Temporary Entrants Integrated Dataset, accessed 30 October 2023. Weekly income was annualised to derive how many people were above the TSMIT. Weekly income was annualised to derive how many people were above the TSMIT. [↑](#footnote-ref-18)
18. Australian Childcare Alliance sub. 150 p. 18; NT Government sub. 157 Attachment A, Regional Development Australia Loddon Mallee sub. 15 p. 2. [↑](#footnote-ref-19)
19. Commission estimates based on ABS (Tablebuilder*,* 2021, Census of Population and Housing), ABS (2021) Microdata: Australian Census and Migrants Integrated Dataset, Australian Census and Temporary Entrants Integrated Dataset, accessed 30 October 2023. [↑](#footnote-ref-20)
20. The first tier of a DAMA is an overarching five‑year deed of agreement (head agreement) with the region’s representative. The second tier comprises individual labour agreements with employers under the settings of the head agreement for that region. [↑](#footnote-ref-21)
21. The Australian Government has published draft versions of both documents (Department of the Prime Minister and Cabinet 2023; DoE 2023b). [↑](#footnote-ref-22)